

INCOME TAX (DEDUCTION FOR EXPENSES IN RELATION TO NATIONAL GREENHOUSE GAS REPORTING PROGRAMME) RULES 2016

PU (A) 295
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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 Expenses in relation to National Greenhouse Gas Reporting Programme) Rules 2016**.
- 1(2)** These Rules have effect from the year of assessment 2015 until the year of assessment 2017.

DEDUCTION

- 2(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, a deduction shall be allowed for qualifying expenditure incurred by the qualifying company for the purpose of preparing the Greenhouse Gases Report for the implementation of the National Greenhouse Gas Reporting Programme which is regulated by an authorized officer of the Ministry of Natural Resources and Environment.
- 2(2)** The qualifying company referred to in subrule (1) is a company—
- (a) incorporated under the Companies Act 1965 [Act 125]; and
 - (b) resident in Malaysia;
- 2(3)** The qualifying expenditure referred to in subrule (1) are—
- (a) the consultant fee for the consultancy services by a consultant company for the preparation of the Greenhouse Gases Report relating to—
 - (i) the scope of report;
 - (ii) the collection of report data;
 - (iii) the determination of the calculation method for the reduction on greenhouse gases discharge; and
 - (iv) the advice on the reduction of the greenhouse gases discharge;
 - (b) the cost for the preparation of the Greenhouse Gases Report internally by the qualifying company namely wages for the additional works done by the full-time employee and part-time employee, who are directly involved in the preparation of the Greenhouse Gases Report; and
 - (c) the service fee for the verification of the Greenhouse Gases Report paid by the qualifying company in relation to—
 - (i) the verification of the information used for the calculation of the greenhouse gases discharge;
 - (ii) the verification of the calculation method for the greenhouse gases discharge; and

(iii) the preparation and issuance of the verification for the Greenhouse Gases Report.

2(4) The deduction allowed under these Rules is subject to the following conditions:

- (a) the deduction is for the qualifying expenditure incurred within a period of two years from 1 January 2015 to 31 December 2016;
- (b) the amount of deductions allowed shall not exceed the maximum amount specified in the Schedule;
- (c) the deduction for the qualifying expenditure in paragraphs 3(a) and (b) are mutually exclusive;
- (d) the company providing the verification referred to in paragraph (3)(c) is not a related company of the consultant company referred to in paragraph (3)(a) or the qualifying company;
- (e) the consultant company referred to in paragraph (3)(a) is not a related company of the qualifying company;
- (f) the consultant company referred to in paragraph (3)(a) and the company providing the verification referred to in paragraph (3)(c) shall be approved by the Ministry of Natural Resources and Environment; and
- (g) the Greenhouse Gases Report in respect of which the claim for deduction is made shall be verified by the Ministry of Natural Resources and Environment.

2(5) For the purpose of this rule—

"Greenhouse Gases Report" means the report prepared by a qualifying company relating to greenhouse gases emissions;

"related company" has the same meaning as in section 2 of the Promotion of Investments Act 1986 [Act 327].

NON-APPLICATION

3 These Rules shall not apply to a qualifying company which in the basis period for the year of assessment has, in relation to the qualifying expenditure,—

- (a) claimed for the allowance under Schedule 7A or Schedule 7B of the Act;
- (b) been given the incentive under the Promotion of Investments Act 1986;
- (c) been granted an exemption under section 127 of the Act; or
- (d) claimed for the deduction of tax under any rules made under section 154 of the Act except for—
 - (i) the allowance under Schedule 3 of the Act;
 - (ii) the Income Tax (Deduction for Audit Expenditure) Rules 2006 [*P.U. (A) 129/2006*];
 - (iii) the Income Tax (Deduction for Cost relating to Training for Employees for the Implementation of Goods and Services Tax) Rules 2014 [*P.U. (A) 334/2014*]; or
 - (iv) the Income Tax (Deduction for Expenses in relation to Secretarial Fee and Tax Filing Fee) Rules 2014 [*P.U. (A) 336/2014*].

- (e) the consultant company referred to in paragraph (3)(a) is not a related company of the qualifying company;
- (f) the consultant company referred to in paragraph (3)(a) and the company providing the verification referred to in paragraph (3)(c) shall be approved by the Ministry of Natural Resources and Environment; and
- (g) the Greenhouse Gases Report in respect of which the claim for deduction is made shall be verified by the Ministry of Natural Resources and Environment.

SCHEDULE

(Paragraph 2(4)(b))

Level of report	Scope of reporting	Maximum amount for deduction (RM)		
		Fee for consultancy services	Cost for preparation of report internally	Service fee for verification of Greenhouse Gases Report
Platinum	1, 2 and 3	150,000	70,000	150,000
Gold	1, 2 and 3	100,000	50,000	Not applicable
Silver	1 and 2	50,000	30,000	100,000

Scope of reporting

Scope 1: All greenhouse gases direct discharge that includes sources from tools or vehicles owned or controlled by the reporting entity party.

Scope 2: Greenhouse gases indirect discharge that includes sources from energy, steam, thermal and refrigeration supplied by third party.

Scope 3: Greenhouse gases indirect discharge other than the sources specified in Scope 2.