

INCOME TAX (GLOBAL TRADING CENTRE INCENTIVE SCHEME) RULES 2022

PU (A) 48
4 March 2022

IN exercise of the powers conferred by paragraph 154(1)(b) read together with subsection 6(1A) and paragraph 2 of Part XVII of Schedule 1 to, 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 (Global Trading Centre Incentive Scheme) Rules 2022**.
- 1(2) These Rules have effect from the year of assessment 2021.

APPLICATION

- 2 These Rules shall apply to a qualifying company which applies in writing for the Global Trading Centre Incentive Scheme to the Minister through the Malaysian Investment Development Authority and such application is received on or after 1 January 2021 but not later than 31 December 2022.

INTERPRETATION

- 3 In these Rules—

“Malaysian Investment Development Authority” means the Malaysian Investment Development Authority established under the Malaysian Investment Development Authority (Incorporation) Act 1965 [Act 397];

“Global Trading Centre Incentive Scheme” means an incentive scheme for the qualifying company to undertake a qualifying activity and approved by the Minister;

“Qualifying company” means a company which—

- (a) is incorporated under the Companies Act 2016 [Act 777];
- (b) is resident in Malaysia;
- (c) has not carried on any activity in Malaysia;
- (d) fulfills the eligibility condition imposed by the Minister under the Act and these Rules; and
- (e) uses Malaysia as its international trading base.

QUALIFYING ACTIVITY

- 4 A qualifying activity referred under these Rules and the Global Trading Centre Incentive Scheme is an activity undertaken by a qualifying company in respect of strategic sourcing, procurement and distribution of raw materials, components and finished products to other company within or outside Malaysia.

APPLICABLE RATE

- 5 The rate of income tax which shall be charged under these Rules for the specified years of assessment on the taxable income of a qualifying company which carries on business in respect of a qualifying activity under the Global Trading Centre Incentive Scheme is ten per cent.

SPECIFIED YEARS OF ASSESSMENT

- 6 The specified years of assessment referred under these Rules is a period of five consecutive years of assessment for the implementation of the Global Trading Centre Incentive Scheme commencing from the date as determined by the Minister.

CONDITIONS FOR THE GLOBAL TRADING CENTRE INCENTIVE SCHEME

- 7 A qualifying company which applies for the Global Trading Centre Incentive Scheme under these Rules shall comply with the conditions imposed by the Minister as specified in the approval letter and the Guidelines for Incentive for Setting Up A Global Trading Centre issued or as revised by the Malaysian Investment Development Authority and approved by the Minister, which shall include the following conditions:
- (a) employ at least fifteen full-time Malaysian employees with a minimum salary of five thousand ringgit (RM5,000.00) per month in the basis period throughout the specified years of assessment to carry on the qualifying activity and at least fifty percent of that employees are Malaysians;
 - (b) has a paid-up capital of at least one million ringgit (RM1,000,000.00) to carry on the qualifying activity;
 - (c) incur an annual operating expenditure of at least one million and five hundred thousand ringgit (RM1,500,000.00) to carry on the qualifying activity; and
 - (d) achieve an annual sales value from the qualifying activity of at least three hundred million ringgit (RM300,000,000.00).

EXTENSION OF SPECIFIED YEARS OF ASSESSMENT

- 8(1) The Minister may extend the specified years of assessment for another period of five years of assessment subject to the qualifying company fulfilling the conditions referred to in rule 7.
- 8(2) An application for the extension of the specified years of assessment shall be made by the qualifying company in writing and received by the Minister through the Malaysian Investment Development Authority within thirty days immediately after the expiry of the specified years of assessment.
- 8(3) The extension of the specified years of assessment shall begin from the subsequent year of assessment after the expiry of the specified years of assessment and continues for a period of five years of assessment.

SURRENDER OF GLOBAL TRADING CENTRE INCENTIVE SCHEME

- 9(1)** The Minister may, at any time, except where the qualifying company fails to comply with any conditions imposed in relation to the Global Trading Centre Incentive Scheme, allow the qualifying company to surrender the Global Trading Centre Incentive Scheme granted under these Rules by notice in writing to the Minister through the Malaysian Investment Development Authority.
- 9(2)** The surrendering of the Global Trading Centre Incentive Scheme shall have effect on the first day in the basis period for the year of assessment in which the application for surrender of the Global Trading Centre Incentive Scheme is received by the Minister through the Malaysian Investment Development Authority.

NON-APPLICATION

- 10** These Rules shall not apply to a qualifying company which in the specified years of assessment—
- (a) has made a claim for reinvestment allowance under Schedule 7A to the Act or investment allowance for service sector under Schedule 7B to the Act;
 - (b) has been granted any incentive under the Promotion of Investments Act 1986 [Act 327] in respect of the similar qualifying activity;
 - (c) has been granted an exemption under paragraph 127(3)(b) or subsection 127(3A) of the Act in respect of the similar qualifying activity; or
 - (d) has made a claim for deduction under any rules made under section 154 of the Act except—
 - (i) the rules in relation to allowance under Schedule 3 to the Act;
 - (ii) the Income Tax (Deduction for Audit Expenditure) Rules 2006 [P.U. (A) 129/2006]; or
 - (iii) the Income Tax (Deduction for Expenses in relation to Secretarial Fee and Tax Filing Fee) Rules 2020 [P.U. (A) 162/2020].