

# **INCOME TAX (DEDUCTION FOR EXPENDITURE TO OBTAIN THE 1-INNOCERT CERTIFICATION) RULES 2016**

PU (A) 168  
14 June 2016

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 Expenditure to Obtain the 1-InnoCERT Certification) Rules 2016**.
- 1(2)** These Rules are deemed to have come into operation from the year of assessment 2015.

## **DEDUCTION**

- 2(1)** In ascertaining the adjusted income of a qualified person for the basis period for a year of assessment, there shall be allowed as a deduction an amount equivalent to the expenditure incurred by the qualified person in obtaining his first 1-InnoCERT Certification.
- 2(2)** The deduction under subrule (1), shall apply to a qualified person who makes an application to obtain a 1-InnoCERT Certification not later than 31 December 2017.
- 2(3)** For the purposes of subrule (1), the expenditure incurred shall be the expenditure directly incurred by the qualified person as follows:
- (a) a certification fee of five thousand ringgit; and
  - (b) payment for the expenditure incurred by SIRIM Berhad's auditors which consist of—
    - (i) cost of travelling to and from SIRIM Berhad's auditors' office to the qualified person's premises including—
      - (A) mileage, toll and parking fee; or
      - (B) in the case of travel by air, the cost of economy air fare and airport transfer claim;
    - (ii) accommodation cost for a standard room or lodging allowance; and
    - (iii) meal allowance.
- 2(4)** For the purposes of subrule (1), all expenditure incurred to obtain the 1-InnoCERT Certification in any assessment year other than the assessment year in which the 1-InnoCERT Certification is granted to the qualified person shall be deemed to have been incurred in the basis period for the year of assessment in which the 1-InnoCERT Certification is granted to the qualified person.

**2(5)** For the purposes of this rule—

**"qualified person"** means—

- (a) a person in the manufacturing industry and resident in Malaysia, which at the end of the basis period for a year of assessment-
  - (i) has not less than five and not more than two hundred full-time employees; or
  - (ii) has achieved annual sales of not less than three hundred thousand ringgit and not more than fifty million ringgit; or
- (b) a person in the services, primary agriculture, construction or mining and quarrying industry, and resident in Malaysia, which at the end of the basis period for a year of assessment-
  - (i) has not less than five and not more than seventy five full-time employees; or
  - (ii) has achieved annual sales of not less than three hundred thousand ringgit and not more than twenty million ringgit;

**"1-InnoCERT Certification"** means a 1-Innovation Certification for Enterprise Rating and Transformation issued by the Small and Medium Enterprises Corporation Malaysia established under section 3 of the Small and Medium Enterprises Corporation Act 1995 [Act 539] to any person who has been rated for the purposes of 1-InnoCERT Certification by SIRIM Berhad;

**"SIRIM Berhad"** means a company incorporated in Malaysia pursuant to the Companies Act 1965 [Act 125] (Company no.: 367474-V).