

# PETROLEUM (INCOME TAX) (EXEMPTION) ORDER 2014

PU (A) 305  
30 October 2014

IN exercise of the powers conferred by subsection 65C(1) of the Petroleum (Income Tax) Act 1967 [Act 543], the Minister makes the following order:

## CITATION AND COMMENCEMENT

1(1) This order may be cited as the **Petroleum (Income Tax) (Exemption) Order 2014**.

1(2) This Order is deemed to have come into operation on 30 November 2010.

## INTERPRETATION

2(1) In this Order, "**PETRONAS marginal field**" means a field as determined under paragraph 3.

2(2) For the purposes of this Order, "**PETRONAS**" is an abbreviation for the Petroliam Nasional Berhad as referred to in subsection 3(1) of the Petroleum Development Act 1974 [Act 144].

## PETRONAS MARGINAL FIELD

3 The Minister may determine a PETRONAS marginal field which is a field operated solely by PETRONAS which has potential crude oil reserves not exceeding thirty million stock tank barrels or natural gas reserves not exceeding five hundred billion standard cubic feet.

## EXEMPTION

4(1) The Minister exempts PETRONAS in the basis period for a year of assessment from the payment of petroleum income tax in respect of statutory income derived from petroleum operations in a PETRONAS marginal field.

4(2) Subject to paragraph 5, the statutory income referred to in subparagraph (1) shall be determined in accordance with the following formula:

$$\frac{A \times C}{B}$$

where A is the chargeable tax of PETRONAS in respect of its petroleum operations in a PETRONAS marginal field which is equal to thirty-eight per cent of its chargeable income reduced by the chargeable tax which is equal to twenty five per cent of its chargeable income;

B is the chargeable tax of PETRONAS in respect of a PETRONAS marginal field which is equal to thirty-eight per cent of its chargeable income; and

C is the amount of such chargeable income.

4(3) Nothing in subparagraph (1) shall absolve or is deemed to have absolved PETRONAS from complying with any requirement to submit any return or statement of accounts or to furnish any other information under the provision of the Act.

## **SEPARATE ACCOUNT**

- 5 PETRONAS shall maintain separate accounts for its income derived from a PETRONAS marginal field and for its income derived from its other petroleum operations.

## **STATUTORY INCOME**

- 6 The statutory income referred to in subparagraph 4(1) shall be ascertained in accordance with Chapter 4 of Part III of the Act and by having regard to the Petroleum (Income Tax) (Accelerated Capital Allowances) (PETRONAS Marginal Field) Rules 2014 [*P.U. (A) 304/2014*].

## **NON-APPLICATION**

- 7(1) This Order shall not apply to PETRONAS in a basis period for a year of assessment where PETRONAS carries on petroleum operations in an area under any agreement or arrangement made by the Government with the government of any territory outside Malaysia for the joint exploration and exploitation of petroleum in overlapping areas.
- 7(2) Where in the basis period for a year of assessment the accumulated production of petroleum in a PETRONAS marginal field, from the first basis year petroleum is produced to that year of assessment is in excess of thirty million stock tank barrels of crude oil or in excess of five hundred billion standard cubic feet of natural gas, this Order shall not apply to PETRONAS in respect of the income acquired in that basis period for that year of assessment and subsequent years of assessment.