



**PARAGRAPH 2B(a), SCHEDULE 7A**

**INCOME TAX ACT 1967**

**MDCSB**

**V.**

**KETUA PENGARAH HASIL DALAM NEGERI**

**MOF.PKCP.700-7/1/1516-1520**

**MOF.PKCP.700-7/1/2305**

**MOF.PKCP.700-7/1/2736**

The Taxpayer is in the business of manufacturing cement product, bricks and ready-mixed concrete. The Taxpayer had

claimed Reinvestment Allowance (RA) for the Year of Assessment (YA) 2000. In 2012, Pursuant to the gazette of P.U.(A) 23/2012 which were deemed to have come into effect from YA 2009, the Taxpayer's business activities have been excluded from the definition of "manufacturing".

The Taxpayer has argued that it has the right to continue claiming RA which has been made prior to the issuance of P.U.(A) 23/2012 and the first RA claim has been made for YA 2000. Therefore, the Taxpayer is also eligible to claim RA pursuant to Paragraph 2B(a), Schedule 7A Income Tax Act 1967 (ITA 1967) for capital expenditure that is incurred in YA 2016, 2017, 2018, 2021 and 2022 for the qualifying project.

The DGIR argued that the Taxpayer's expansion project is not considered as a qualifying project due to the exclusion of the Taxpayer's business activities from the definition of "manufacturing" under P.U.(A) 23/2012.

However, a concession has been given to the Taxpayer on the basis that the first RA claim has been made before YA 2009, which allows the RA to be claimed until the end of the 15th year of assessment of eligibility period for YA 2000 to YA 2014.

The Special Commissioners of Income Tax (SCIT) on 16.05.2025 held that the Taxpayer has failed to prove its case as required under Paragraph 13, Schedule 5 ITA 1967. As such, the Taxpayer's appeal is dismissed.

*Editorial Note:*

- *The Taxpayer has the right to file an appeal against the decision by the SCIT within 21 days from the date of the decision.*