



**RELIEF FROM INCOME TAX UNDER
PROMOTION OF INVESTMENTS ACT 1986**

SLASB

V.

**DIRECTOR GENERAL OF INLAND REVENUE
MOF.PKCP.700-7/1/1327-1331**

 **SPECIAL COMMISSIONERS OF INCOME TAX**

 **PUAN MASTURA BINTI HUSAIN**

 **30th MAY 2025**

The Taxpayer was a theme-park operator and had been granted with pioneer status by the Malaysian Investment Trade and Industry (MITI) vide its agency, the Malaysian

Investment Development Authority (MIDA) for a period of five (5) years starting from 12.11.2012 until 11.11.2017. The Taxpayer was eligible for a pioneer status incentive (70% tax exemption on statutory income) under the Promotion of Investment Act 1986 (PIA 1986) for undertaking a tourism project which subjected to the condition that the said project shall be registered with the Ministry of Tourism, Arts and Culture (MOTAC). The main issue raised in this appeal was whether the Taxpayer was allowed to claim the said income tax relief for the Year of Assessment (YA) 2013 until YA 2017.

The Taxpayer contended that the Director General of Inland Revenue (DGIR) had acted *ultra vires* and interfered with the power vested to MITI and MIDA under the PIA 1986 by disallowing the income tax relief that had been claimed by the Taxpayer for the relevant YAs. The Taxpayer submitted that there was a valid and genuine Pioneer Certificate issued by MITI with the additional confirmation by MOTAC vide its letter dated 14.08.2020 that the tourism project carried out by the Taxpayer was a registered project even though the Taxpayer was unable to produce the “*Sijil Pendaftaran Projek Pelancongan*” as requested during the audit exercise.

In response, the DGIR submitted that the audit that was carried out against the Taxpayer was within the DGIR’s statutory powers under the Income Tax Act 1967 (ITA 1967). The audit was carried out against the Taxpayer to ensure that the Taxpayer’s application for the pioneer status incentive tax exemption as declared in the Income Tax Return Form (BNCP) for YA 2013 until YA 2017 was valid and in order. The DGIR did not contravene any of the provisions under PIA 1986 in disallowing the income tax relief as the decision was made due to the Taxpayer’s failure to produce or submit a valid “*Sijil Pendaftaran Projek Pelancongan*” issued by MOTAC under the name of the Taxpayer throughout the pioneer period which was required to substantiate the income tax relief that was applied by the Taxpayer.

The Special Commissioners of Income Tax (SCIT) had on 30.05.2025 dismissed the Taxpayer’s appeal and held that the Taxpayer had failed to prove its case as required under Paragraph 13, Schedule 5 ITA 1967. The DGIR had a legal and factual basis to raise the additional assessments under Subsection 91(3) ITA 1967 for YA 2013 and YA 2014. The SCIT ruled that the DGIR was correct in disallowing the income tax relief and therefore the Notices of Assessment for YAs 2013 to 2017 raised against the Taxpayer were reasonable and justified.

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.*