APPENDIX 1

INTRODUCTION OF GROUP RELIEF AS TAX TREATMENT

Present Position

Group relief allows losses of a company to be deducted against the income of another company within the same group. Currently, only companies that invest in approved food production, forest plantation, biotechnology, nanotechnology, optics and photonics are given group relief on losses incurred by their subsidiary companies which undertake such projects. However, other companies are not eligible for group relief.

Proposal

To enhance private sector investment in high-risk projects, it is proposed that group relief be provided to all locally incorporated resident companies under the Income Tax Act 1967. The group relief is limited to 50% of current year unabsorbed losses to be set-off against the income of another company within the same group (including new companies undertaking activities in approved food production, forest plantation, biotechnology, nanotechnology, optics and photonics) subject to the following conditions:

i. the claimant and the surrendering companies each has a paid-up capital of ordinary shares exceeding RM2.5 million;

ii. both the claimant and the surrendering companies must have the same accounting period;

iii. the shareholding, whether direct or indirect of the claimant and surrendering companies in the group must not be less than 70%;

iv. the 70% shareholding must be on a continuous basis during the preceding year and the relevant year;

v. losses resulting from the acquisition of proprietary rights or a foreign-owned company should be disregarded for the purpose of group relief; and

vi. companies currently enjoying the following incentives are not eligible for group relief:

a. Pioneer Status;
b. Investment Tax Allowance/Investment Allowance;
c. Reinvestment Allowance;
d. Exemption of shipping profits;
e. Exemption of income tax under Section 127 of the Income Tax Act 1967; and
f. Incentive Investment company

With the introduction of the above incentive, the existing group relief incentive for approved food production, forest plantation, biotechnology, nanotechnology, optics and photonics will be discontinued. However, companies granted group relief incentive for the above activities shall continue to set off their income against 100% of the losses incurred by their subsidiaries.

The proposal is effective from year of assessment 2006.

APPENDIX 2

STREAMLINING TAX TREATMENT FOR PIONEER STATUS COMPANIES

Present Position

Currently, Pioneer Status companies are not allowed to carry forward losses and unabsorbed capital allowances incurred during the pioneer period to the post-pioneer period. Such treatment does not benefit loss-making pioneer companies.

Proposal

To further enhance the effectiveness of this incentive, it is proposed that accumulated losses and unabsorbed capital allowances incurred by companies during the pioneer period be allowed to be carried forward and deducted from post-pioneer income of a business relating to the same promoted activity or promoted product.

The proposal is effective for companies whose pioneer period will expire on and after 1 October 2005.

APPENDIX 3

REVIEW OF TAX TREATMENT ON LOSSES AND UNABSORBED CAPITAL ALLOWANCES

Present Position

Currently, companies are allowed to carry forward their accumulated losses and unabsorbed capital allowances to be set-off against their future income. Such tax treatment is accorded for an unlimited period of time. Furthermore, companies that ceased operations for several years may still utilise accumulated losses and unabsorbed capital allowances to be set-off against new business income or by new shareholders with an objective to reduce their taxable income.

Proposal

To discourage companies from taking advantage of loss-making companies, it is proposed that accumulated losses and unabsorbed capital allowances of a company be not allowed to be carried forward in the event there is a change of more than 50% in its shareholdings.

The proposal is effective from year of assessment 2006.

APPENDIX 4

EXTENSION OF APPLICATION PERIOD FOR INCENTIVES FOR PROMOTED AREAS

Present Position

Currently, companies undertaking manufacturing, agriculture and tourism activities in promoted areas are given the following tax incentives:

i. Pioneer Status with tax exemption of 100% of statutory income for 5 years; or

ii. Investment Tax Allowance of 100% of the qualifying capital expenditure incurred within a period of 5 years. The allowance can be set-off against 100% of the statutory income in each year of assessment;

AND

iii. 100% Infrastructure Allowance on capital expenditure incurred for the provision of infrastructure such as bridges, roads and ports. The allowance can be set-off against 85% of statutory income in each year of assessment.

Promoted areas are the Eastern Corridor of Peninsular Malaysia (i.e. Kelantan, Terengganu, Pahang and the District of Mersing in Johore), Sabah, Sarawak and the Federal Territory of Labuan (for hotel and tourism activities only).

However, the application period for the above incentives will expire on 31 December 2005.

Proposal

To attract more investments to the Eastern Corridor of Peninsular Malaysia, Sabah, Sarawak and Labuan (for hotel and tourism activities only), it is proposed that the application period for the above incentives be extended for another 5 years until 31 December 2010.

APPENDIX 5

TAX TREATMENT ON INCOME OF INVESTMENT HOLDING COMPANY

Present Position

An investment holding company (IHC) is a company engaged wholly (100%) in holding of investment and its income is normally derived from dividends, rental and interests. Currently, income of an IHC is deemed as passive income. As such, an IHC is allowed deduction only on 25% of permitted expenses.

Proposal

To enhance investments by IHCs, it is proposed that the income of IHCs listed on Bursa Malaysia, be treated as business income and the expenses be given full deduction for the purpose of income tax. An IHC is redefined as a company that derives at least 80% of its gross income from holding of investment. However, losses and unabsorbed capital allowances be not allowed to be carried forward.

The proposal is effective from year of assessment 2006.

APPENDIX 6

EXTENDING THE SCOPE OF ALLOWABLE EXPENSES FOR COMPANIES

Present Position

Currently, expenses incurred on audit fees are not eligible for deduction for tax purposes as they do not contribute directly to the generation of income.

Proposal

To reduce the cost of doing business and enhance corporate compliance, it is proposed that expenses incurred on audit fees by companies be deemed as allowable expenses for deduction in the computation of income tax.

The proposal is effective from year of assessment 2006.

APPENDIX 7

FLEXIBILITY IN ESTIMATING TAX PAYABLE FOR COMPANIES

Present Position

Under the Self Assessment System (SAS), companies are required to provide estimates of tax payable for the current year and these estimates should not be less than the estimates or the revised estimates of the preceding year. Companies are allowed to revise their estimates on the 6^{th} and the 9^{th} month of their financial year. However, the current treatment does not take into account changes in the economic situation that may adversely affect the performance of the company.

Proposal

To render flexibility to companies in providing estimates of tax payable for the current year, it is proposed that such estimates for companies be lowered from not less than 100 percent to not less than 85 percent of the preceding year's estimates or revised estimates.

The proposal is effective from year of assessment 2006.

APPENDIX 8

REVIEW OF TAX TREATMENT ON SMALL VALUE ASSETS

Present Position

Currently, qualifying expenditure on assets is given deduction in the form of capital allowances (CA) over a period of time. Proper accounting to keep track of the tax written-down value of each small value asset is cumbersome and time consuming.

Proposal

To simplify the computation of CA for small value assets, it is proposed that CA on qualifying expenditure on such assets be given 100% allowance for assets of value not exceeding RM1,000 each. However, the total value of such assets are capped at RM10,000.

The proposal is effective from year of assessment 2006.

APPENDIX 9

REVIEW OF TAX TREATMENT ON INTEREST EXPENSE FOR LEASING ACTIVITY

Present Position

Currently, leasing companies typically undertake both leasing and non-leasing activities such as hire purchase. Leasing and non-leasing income is treated as separate sources of business income for the purpose of income tax computation and their common expenses are apportioned based on gross revenue. This basis of apportionment may be inappropriate particularly for interest cost, as relative revenues may not be representative of the amount of funding used by each business.

Proposal

To streamline tax treatment for companies undertaking leasing and non-leasing activities, it is proposed that interest expense be apportioned between leasing and non-leasing activities based on the respective amount of funding used.

The proposal is effective from year of assessment 2006.

APPENDIX 10

TAX TREATMENT ON ESTIMATED LOSSES OF LOW COST HOUSING PROJECTS

Present Position

Property developers are required by the Government to undertake low cost housing projects. Such projects are often not profitable. In the preparation of estimates of tax payable for the current year, property developers are not allowed to set-off estimated losses of one property development project against estimated profits of another project.

Proposal

To encourage property developers to build more low cost houses, it is proposed that the estimated losses of low cost housing projects be allowed to be set-off against estimated profits of other property development projects in the preparation of estimates of tax payable for the current year.

The proposal is effective from year of assessment 2006.

APPENDIX 11

TAX INCENTIVES FOR MERGERS AND ACQUISITIONS OF LISTED COMPANIES

Present Position

Stamp duty and real property gains tax (RPGT) exemptions were given to banks, insurance companies, stock broking companies and private higher learning institutions that undertook mergers within a stipulated period.

Public listed companies need to enhance their quality to compete in the global market. One of the measures to enhance their competitiveness is through mergers and acquisitions (M&A) which can enable these companies to expand their operations, increase liquidity, widen equity base and achieve better economies of scale.

Proposal

To encourage public listed companies to expand and compete globally, it is proposed that stamp duty and RPGT exemptions be given on M&A undertaken by companies listed on Bursa Malaysia. This exemption is given to M&A approved by the Securities Commission from 1 October 2005 to 31 December 2007 and such M&A be completed not later than 31 December 2008.

APPENDIX 12

EXTENDING THE SCOPE OF ALLOWABLE EXPENSES FOR REAL ESTATE INVESTMENT TRUSTS

Present Position

Real Estate Investment Trust (REIT), also known as Property Trust Fund (PTF), mobilises funds from unit holders comprising individuals and companies for investment in the property sector and related assets.

REIT or PTF are granted the following incentives:

i. gains from disposal of real property to REIT or PTF be exempted from Real Property Gains Tax (RPGT);

ii. instruments of transfer of real property from individuals or companies to REIT or PTF are exempted from stamp duty;

iii. REIT or PTF are exempted from income tax on chargeable income distributed to unit holders;

iv. income distributed to unit holders is taxed at their respective tax rates. For non-resident unit holders, tax payable is at 28% and is withheld by REIT or PTF; and

v. the accumulated income that has been taxed and subsequently distributed is eligible for tax credit in the hands of unit holders.

However, fees for consultancy, legal and valuation services incurred in the establishment of REIT or PTF are not allowed deductions for the purpose of income tax.

Proposal

To reduce the cost of establishing REIT or PTF, it is proposed that fees for consultancy, legal and valuation services incurred in the establishment of REIT or PTF be allowed as deductions for the purpose of income tax.

The proposal is effective from year of assessment 2006.

APPENDIX 13

REVIEW OF TAX TREATMENT ON BONDS

Present Position

Currently, tax treatment on the issuance of bonds by financial institutions (FI) or non-financial institutions (NFI) is as follows:

Tax Treatment	FI	NFI
Discount/Premiums Income	Taxed annually until the date of maturity of the bond (Accrual principle)	Taxed on the date of maturity of the bond (Realised principle)
Discount/Premiums Expenses	Allowed annual deduction until the date of maturity of the bond (Accrual principle)	Allowed deduction on date of maturity of the bond (Realised principle)

Such disparity in tax treatment does not encourage NFI to opt for the issuance of bonds as an alternate source of funding.

Proposal

To accord equal tax treatment between NFI and FI as well as to encourage NFI to opt for the issuance of bonds as an alternate source of funding, it is proposed that expenses incurred on discounts or premiums for the issuance of bonds, be given deduction on an annual basis until the date of maturity of the bonds, i.e. according to the accrual principle. Similar treatment be given on income derived from investment on bonds by NFI.

The proposal is effective from year of assessment 2006.

APPENDIX 14

EXTENDING THE SCOPE OF INDUSTRIAL BUILDING ALLOWANCE

Present Position

Currently, only specific promoted buildings are given Industrial Building Allowance (IBA). Buildings occupied by Multimedia Super Corridor status (MSC status) companies in Cyberjaya are not eligible for IBA.

Proposal

To encourage the construction of more buildings in Cyberjaya for use by MSC status companies, it is proposed that IBA for a period of 10 years be given to owners of new buildings occupied by MSC status companies in Cyberjaya. Such new buildings include completed buildings but are yet to be occupied by MSC status companies.

The proposal is effective from year of assessment 2006.

APPENDIX 15

EXTENDING THE SCOPE OF INCENTIVES FOR MULTIMEDIA ACTIVITIES

Present Position

Currently, MSC status multimedia companies operating in Cybercities (Cyberjaya, Kuala Lumpur City Centre, Technology Park Malaysia, Bayan Lepas in Penang and Kulim Hi-Tech Park in Kedah) and multimedia faculties in institutions of higher learning outside the Cybercities, are eligible for the following tax incentives:

i. Pioneer Status with 100% tax exemption on statutory income for a period of 10 years; or

ii. Investment Tax Allowance of 100% of qualifying capital expenditure incurred within a period of 5 years to be set-off against 100% of statutory income for each year of assessment.

Apart from this, multimedia companies involved in the development of computer software outside the Cybercities are eligible for Pioneer Status with 70% tax exemption or Investment Tax Allowance of 60% for 5 years.

Proposal

To further encourage ICT and multimedia activities including Regional Shared Service Centres throughout the nation, it is proposed that selected companies undertaking such activities outside the Cybercities be given the following incentives:

i. Pioneer Status with tax exemption of 50% of statutory income for a period of 5 years; or

ii. Investment Tax Allowance of 50% of qualifying capital expenditure incurred within a period of 5 years to be set-off against 50% of statutory income for each year of assessment.

Selected companies eligible for such incentives require the recommendation of the Multimedia Development Corporation (MDC).

The proposal is effective for applications received by MDC from 1 October 2005.

APPENDIX 16

REMISSION OF STAMP DUTY ON LOAN INSTRUMENTS FOR SMALL AND MEDIUM ENTERPRISES

Present Position

Currently, stamp duty on instruments for a loan taken by small and medium enterprises (SMEs) is charged as follows:

i. RM1.00 for every RM1,000 or part thereof for the first RM250,000; and

ii. RM5.00 for every RM1,000 or part thereof in excess of RM250,000.

Proposal

To reduce the cost of borrowing, it is proposed that stamp duty remission of 50% be given on instruments for a loan up to RM1 million taken by SMEs. However, for the balance of the loan above RM1 million, the prevailing stamp duty rate i.e. RM5.00 for every RM1,000 or part thereof be applied.

The proposal is effective from 1 October 2005.

APPENDIX 17

REVIEW OF CHILD RELIEF FOR TERTIARY EDUCATION

Present Position

Currently, individual income taxpayers are given relief for each child studying at tertiary level as follows:

i. relief up to RM4,000 (i.e. 4 times the normal child relief) for each child studying at a local institution of higher learning; and

ii. RM1,000 for each child pursuing further education abroad.

Claims for child education relief need to be supported by documentary evidence. Normally, expenses incurred for a child's tertiary education are more than RM4,000 per year.

Proposal

To enhance the capacity of human capital and to simplify tax-filing procedures, it is proposed that:

i. automatic child relief of RM4,000 be given for each child pursuing tertiary education at a recognised local institution of higher learning at diploma level and above; and

ii. child relief as in sub-paragraph (i) be extended to each child studying at a recognised institution of higher learning abroad at degree level and above.

The proposal is effective from year of assessment 2006.

APPENDIX 18

INTRODUCTION OF RELIEF FOR DISABLED CHILD PURSUING TERTIARY EDUCATION

Present Position

Currently, a taxpayer is given relief of RM5,000 for each disabled child. However, no specific relief is given for a disabled child studying full time at a higher educational level.

Proposal

To accord equitable tax treatment, it is proposed that a further deduction of RM4,000 be given for each disabled child pursuing education in a recognised institution of higher learning at diploma level and above in Malaysia or at degree level and above outside Malaysia.

The proposal is effective from year of assessment 2006.

APPENDIX 19

EXTENDING THE SCOPE OF INDIVIDUAL TAX RELIEF FOR FURTHER EDUCATION

Present Position

Currently, individuals pursuing further studies in science, technical, vocational, industrial skills or qualifications as well as information and communication technology (ICT) at recognised local institutions of higher learning are eligible for relief not exceeding RM5,000 per annum on the fees for such courses.

Proposal

To enhance capacity building and in line with long life learning policy, it is proposed that the scope of courses eligible for relief not exceeding RM5,000 per annum be extended to professional courses, accountancy and law undertaken at recognised institutions of higher learning in the country. The eligible professional fields are to be approved by the Ministry of Finance.

The proposal is effective from year of assessment 2006.

APPENDIX 20

TAX TREATMENT ON EXPENSES INCURRED FOR NEW COURSES BY PRIVATE HIGHER EDUCATION INSTITUTIONS

Present Position

Currently, expenses incurred by private higher education institutions (PHEIs) to develop and comply with regulations to introduce new courses are not eligible for any deductions for tax purposes.

Proposal

To encourage PHEIs to increase the number of new courses, it is proposed that deductions to be amortised for 3 years be allowed on expenses incurred by PHEIs on the following:

i. development of new courses; and

ii. compliance with regulatory requirements for introducing new courses.

The commencement of the deduction for the development of new courses be allowed from the year of completion of the process of developing the course i.e. after the date of receipt by the Ministry of Higher Education for the purpose of regulatory compliance. For regulatory compliance, the deductions be allowed from the year of completion of the exercise.

The proposal is effective from year of assessment 2006.

APPENDIX 21

EXTENDING THE SCOPE OF INCENTIVES FOR PRIVATE HIGHER EDUCATION INSTITUTIONS

Present Position

Currently, private higher education institutions (PHEIs) that provide technical and vocational courses are eligible for Investment Tax Allowance of 100% for 10 years to be set off against 70% of statutory income. This incentive is also extended to existing PHEIs that upgrade their equipment or expand their capacity to conduct such courses. PHEIs that provide science courses are not eligible for such incentives.

Proposal

To increase the number of scientists in the country, it is proposed that the Investment Tax Allowance of 100% on qualifying capital expenditure incurred within a period of 10 years to be set off against 70% of statutory income be extended to:

i. PHEIs in the field of science; and

ii. existing PHEIs in the field of science that undertake additional investment to upgrade equipment or expand their capacity.

The qualifying science courses are as follows:

i. Biotechnology
- Medical and Health Biotechnology
- Plant Biotechnology
- Food Biotechnology
- Industrial and Environmental Biotechnology
- Pharmaceutical Biotechnology
- Bioinformatics Biotechnology

ii. Medical and Health Sciences
- Medical Science in Gerontology
- Medical Science in Clinical Research
- Medical Biosciences
- Biochemical Genetics
- Environmental Health
- Community Health

iii. Molecular Biology
   - Immunology
   - Immunogenetics
   - Immunobiology

iv. Material Sciences and Technology

v. Food Science and Technology

The qualifying courses will be reviewed from time to time by the Ministry of Higher Education and submitted to the Ministry of Finance for approval.

The proposal is effective for applications received by the Malaysian Industrial Development Authority (MIDA) from 1 October 2005.

APPENDIX 22

INCENTIVE FOR UNEMPLOYED GRADUATES TRAINING SCHEME

Present Position

Currently, employment opportunities are available in the capital market industry which is expanding rapidly. Adequate measures are required to enhance the employability of unemployed graduates to be involved in this industry. Companies in the capital market industry that conduct training programmes for unemployed graduates are not granted any tax incentives.

Proposal

To further encourage the private sector to provide employment opportunities for unemployed graduates, it is proposed that double deduction be given to listed companies on the allowances paid to participants of Unemployed Graduate Training programme, endorsed by the Securities Commission, from 1 October 2005 until 31 December 2008 and the deduction is given for a period of 3 years.

The proposal is effective from year of assessment 2005.

APPENDIX 23

REDUCTION OF ROAD TAX ON PRIVATE DIESEL VEHICLES

Present Position

Currently, road tax for diesel vehicles is higher than petrol vehicles except in Sarawak. Effective from 12 September 2005, road tax on private and commercial vehicles using petrol and diesel was reduced as follows:

i. private vehicles below 1000 c.c. was reduced to RM30;

ii. private vehicles between 1000 c.c. and 1600 c.c. was reduced by 50%; and

iii. commercial vehicles was reduced by 25%.

Proposal

Taking into account the reduced differential in petrol and diesel prices, it is proposed that road tax on private diesel vehicles exceeding 1600 c.c. be reduced by 40%, except in Sarawak.

The proposal is effective from 5 October 2005.

APPENDIX 24

TAX INCENTIVE FOR INDUSTRIALISED BUILDING SYSTEM

Present Position

The use of Industrial Building System (IBS) needs to be promoted in the local construction industry as a key construction technique. This system will enhance the quality of construction, create a safer and cleaner working environment as well as reduce the dependence on foreign workers. Expenses for the purchase of moulds to manufacture IBS components are given capital allowance for 8 years.

Proposal

To promote the use of IBS in the construction industry, it is proposed that Accelerated Capital Allowance (ACA) be given on expenses incurred on the purchase of moulds used in the production of IBS components. The ACA is to be fully written off within a period of 3 years.

The proposal is effective from year of assessment 2006.

APPENDIX 25

EXTENDING THE SCOPE OF REAL PROPERTY GAINS TAX EXEMPTION ON RESIDENTIAL PROPERTY

Present Position

Currently, an individual can claim real property gains tax (RPGT) exemption on one residential property during his/her lifetime. However, for a married couple, the right to elect for such an exemption is given only to the husband even though the property is owned by the wife, on condition that he has not done so before marriage. On the other hand, if the husband has elected for such an exemption before marriage, the wife is not eligible to do so even though she is the sole or joint owner of the property.

In the event the husband has claimed RPGT exemption on the residential property owned by the wife, he is no longer eligible to claim RPGT exemption on his own house later.

Proposal

To accord equal tax treatment without gender bias, it is proposed that the election to claim RPGT exemption on a residential property is given to both husband and wife on one residential property each, once in a lifetime.

The proposal is effective from 1 October 2005.

APPENDIX 26

REVIEW OF TAX EXEMPTION ON ROYALTY FROM ARTISTIC WORKS

Present Position

Currently, an individual resident who receives royalty income or payment from the publication of, or the use of or the right to use, any artistic works (other than any original painting) and recording discs or tapes, is given income tax exemption up to RM6,000 a year.

Proposal

To further encourage Malaysians to produce artistic works, it is proposed that income tax exemption on royalty or payment from publication of, or the use of or the right to use, any artistic works (other than original painting) and recording discs or tapes be increased to RM10,000 a year.

The proposal is effective from year of assessment 2006.

APPENDIX 27

TAX EXEMPTION ON EQUIPMENT FOR PERFORMING ARTS

Present Position

Currently, equipment used in cinema theatres is eligible for import duty exemption whilst equipment used in the production and/or post-production of film/video is eligible for import duty and sales tax exemption. However, equipment used in stage shows and performances are not eligible for tax exemption.

Proposal

To enhance the quality of stage shows and performances, it is proposed that import duty and sales tax exemption be given on equipment used in stage shows and performances provided such equipment is basic to the core activity and not produced locally. In addition, if such equipment is produced locally, sales tax exemption will be given.

The proposal is effective for applications received by Ministry of Finance from 1 October 2005.

APPENDIX 28

REVIEW OF WITHHOLDING TAX ON TECHNICAL FEES

Present Position

Currently, income received by non-resident skilled teaching personnel in the performing arts and the production of crafts is subject to withholding tax of 10%.

Proposal

To achieve excellence in performing arts and the production of creative crafts, it is proposed that income received by non-resident individuals who train Malaysians in such fields and related technical areas be exempted from withholding tax.

The proposal is effective for applications received by the Ministry of Culture, Arts and Heritage for a period of 5 years from 1 October 2005.

APPENDIX 29

REVIEW OF TAX ON BEER AND LIQUOR

Present Position

Currently, the tax structure on beer and liquor are as follows:

Products	Import Duty (RM per litre)	Excise Duty (RM per litre)	Sales Tax (%)
Beer made from malt	5.00	6.00	20
Liquor	1.00 - 58.00	1.00 – 28.00	20

Proposal

To curb social ills resulting from addiction to excessive drinking, it is proposed that the excise duty on beer and liquor be increased and the sales tax be standardised to 5%. In addition, the import duty structure on some liquor products be streamlined with the excise duty structure. Details of the proposal are in Appendix A.

The proposal is effective from 4.00 p.m. on 30 September 2005.

APPENDIX 30

REVIEW OF TAX ON CIGARETTES AND TOBACCO PRODUCTS

Present Position

Currently, tax structure for cigarettes and tobacco products is as follows:

Products	Import Duty	Excise Duty	Sales Tax
Cigarettes, cheroots, cigars and cigarillos containing tobacco or tobacco substitutes	RM200/kg or 20 sen/stick	RM81/kg or 8.1 sen/stick	25%
Tobacco products	Between 5%+RM40/kg and 5%+RM70 /kg	RM10/kg and RM20/kg	10%
Beedies	5%+RM14.50/kg	RM5/kg	10%

Proposal

To promote a healthy life style, it is proposed that the excise duty rates on cigarettes and tobacco products be increased and the sales tax be standardised at 5%. Details of the proposal are in Appendix B.

The proposal is effective from 4.00 p.m. on 30 September 2005.

APPENDIX 31

ADDITIONAL INCENTIVES TO ENCOURAGE THE USE OF NATURAL GAS FOR VEHICLES

Present Position

Currently, the following tax incentives are given to encourage the use of natural gas for vehicles (NGV):

i. import duty and sales tax exemption on kits and necessary components for conversion of vehicles to utilise natural gas;

ii. reduced road tax from between 25% and 50% of the prevailing rates for monogas vehicles, bi-fuel vehicles and dual-fuel vehicles; and

iii. accelerated capital allowance on equipment related to the supply of natural gas, installed at petrol stations.

However, equipment and engines for monogas buses are not eligible for tax incentives.

Proposal

To further encourage vehicles to use natural gas, it is proposed that:

i. Petroliam Nasional Berhad (Petronas) be given import duty and sales tax exemption on conversion kits and related components for diesel buses and motor vehicles for transportation of goods to be converted to dual-fuel vehicles (diesel vehicles converted to use natural gas also);

ii. local vehicle assemblers/manufacturers be given import duty exemption on chassis fitted with engines for NGV monogas buses and motor vehicles for transportation of goods; and

iii. local vehicle assemblers/manufacturers be given import duty exemption on NGV monogas engines to replace diesel engines for buses and motor vehicles for transportation of goods.

The proposal is effective for applications received by Ministry of Finance from 1 October 2005.

APPENDIX 32

REVIEW OF TAX INCENTIVES FOR GENERATION OF RENEWABLE ENERGY

Present Position

Currently, companies generating energy from renewable sources such as biomass, hydro power (not exceeding 10 megawatts) and solar power are eligible for the following incentives:

i. Pioneer Status with tax exemption of 70% of statutory income for 5 years;

OR

Investment Tax Allowance of 60% on the qualifying capital expenditure incurred within a period of 5 years with the allowance to be set-off against 70% of statutory income for each year of assessment; and

ii. import duty and sales tax exemption on equipment used in such activities provided that the equipment are not produced locally. For locally produced equipment, sales tax exemption are given.

The company is required to implement the project within one year from the date of approval. The above incentives will expire on 31 December 2005.

Proposal

To further encourage the generation of renewable energy, it is proposed that Pioneer Status and Investment Tax Allowance be enhanced as follows:

i. Pioneer Status with tax exemption of 70% be increased to 100% of statutory income and the incentive period be extended from 5 to 10 years;

OR

ii. Investment Tax Allowance of 60% be increased to 100% on the qualifying capital expenditure incurred within a period of 5 years with the allowance to be set-off against 100% of statutory income for each year of assessment.

In addition, the incentive package of Pioneer Status and Investment Tax Allowance as well as import duty and sales tax exemption be extended for another 5 years until 31 December 2010.

The company is required to implement the project within one year from the date of approval.

The proposal is effective for applications received by the Malaysian Industrial Development Authority (MIDA) from 1 October 2005. However, companies granted approval within one year prior to 1 October 2005 but have not implemented the project or applications are still under consideration are also eligible for the incentives.

APPENDIX 33

REVIEW OF TAX INCENTIVES FOR CONSERVATION OF ENERGY

Present Position

The prevailing tax incentives to encourage energy conservation are as follows:

A. Companies providing energy conservation services:

i. Pioneer Status with tax exemption of 70% of statutory income for 5 years;

OR

Investment Tax Allowance of 60% on the qualifying capital expenditure incurred within a period of 5 years with the allowance to be set-off against 70% of the statutory income for each year of assessment; and

ii. import duty and sales tax exemption on equipment used in such activities provided that the equipment are not produced locally. For locally produced equipment, sales tax exemption is given.

The company is required to implement the project within one year from the date of approval. The above incentives will expire on 31 December 2005.

B. Companies which incur capital expenditure for conserving energy for own consumption:

i. Accelerated Capital Allowance on related equipment to be fully written off within a period of 1 year; and

ii. import duty and sales tax exemption for equipment used in energy conservation which are not produced locally. For locally produced equipment, sales tax exemption is given.

Proposal

To further encourage the conservation of energy, it is proposed that:

A. Companies providing energy conservation services:

The application period for Pioneer Status, Investment Tax Allowance, import duty and sales tax exemption be extended for another 5 years until 31 December 2010. The company is required to implement the project within one year from the date of approval of the incentive.

B. Companies which incur capital expenditure for conserving energy for own consumption:

Investment Tax Allowance of 60% on the qualifying capital expenditure incurred within a period of 5 years with the allowance to be set-off against 70% of statutory income for each year of assessment. The proposal is effective for applications received by the Malaysian Industrial Development Authority (MIDA) from 1 October 2005 until 31 December 2010.

APPENDIX 34

REVIEW OF REQUIREMENT FOR GAZETTE TAX EXEMPTION ORDER

Present Position

Currently, exemption of income tax, real property gains tax and stamp duty given on a case–to-case basis or a class of income or a class of persons require gazette notification for such exemption to become effective. However, duty exemption on a case-to-case basis given under the Customs Act 1967 is effected without the need for gazette notification. Procedures for the preparation of such gazette orders are cumbersome and time consuming.

Proposal

To enhance the delivery system so that recipients benefit from such tax exemptions on time, it is proposed that exemption of income tax, real property gains tax and stamp duty given only on a case-to-case basis be effected without the requirement for gazette notification.

The proposal is effective from 1 October 2005.

APPENDIX 35

REVIEW OF IMPORT DUTY ON SELECTED GOODS

Currently, high import duty up to 30% is imposed on selected products in order to protect local producers. As a continuous effort to enhance competitiveness of local producers, it is proposed that import duty on 51 goods be reduced from between 25% and 30% to between 20% and 25%. In addition, in order to prevent dutiable products being declared as non-dutiable products, it is proposed that import duty of 10% be imposed on 3 products. Details of the proposal are in Appendix C.

The proposal is effective from 4.00 p.m. on 30 September 2005.

APPENDIX 36

TAX TREATMENT ON BENEFITS FROM EMPLOYEES' SHARE OPTION SCHEME

Present Position

Currently, benefits derived by employees from Employees' Share Option Scheme (ESOS) in the form of shares offered at discounted price are deemed gross income and thus subject to tax. For the purpose of income tax, the value of the benefits from each share is determined based on the difference between the market price of the share on the date of offer and the discounted price for each share. The value of the benefit does not take into consideration the price of the share on the date when the share option is exercised.

The benefit is liable to tax in the year the option is exercised. However, total tax payable is based on the tax computation in the year the offer was made.

As such, employees are discouraged from exercising their share option if prices of shares are on a downtrend and requires adjustment of income tax for the year ESOS was offered.

Proposal

To ensure that the benefit derived by employees from ESOS is not reduced if prices of shares are on a downtrend, it is proposed that the value of the benefit for each share option be determined based on the difference between the market price on the date the share option is exercised or exercisable, whichever is the lower, and the discounted price offered by the employer. The benefit is liable to tax in the year the option is exercised.

The proposal is effective from year of assessment 2006.

APPENDIX 37

PROVISION TO ALLOW TAX ASSESSMENTS AFTER SIX YEARS

Present Position

Currently, the Director General of Inland Revenue is only allowed to make assessments on income tax, petroleum income tax and real property gains tax within a period of six years.

Proposal

To enhance tax administration and to prevent revenue loss, it is proposed that the Director General of Inland Revenue be empowered to make assessment on income tax, petroleum income tax and real property gains tax after a period of six years in cases where the assessment is determined by the court or withdrawal, revocation or cancellation of any exemption, relief, remission or allowance.

The proposal is effective from year of assessment 2006.

APPENDIX 38

EXTENDING THE SCOPE OF FUND FOR TAX REFUND

Current Status

Presently, the Fund for Tax Refund was established under the Income Tax Act 1967 to provide for income tax refunds. This Fund came into operation on 1 January 2005. However, refund payments of direct taxes, other than income tax, cannot be made out of this Fund.

Proposal

To expedite the refund of payments of other direct taxes, it is proposed that the scope of the Fund for Tax Refund be extended to include refunds for petroleum income tax, real property gains tax and stamp duty.

This proposal is effective from 1 January 2006.

APPENDIX 39

ENHANCING THE COMPETENCY OF TAX AGENTS

Present Position

Currently, a tax agent is a person who has been approved by the Minister of Finance who essentially possesses a degree and has at least 5 years experience in tax. In addition, a licensed auditor can automatically become a tax agent. Globalisation has intensified the magnitude and complexity of corporate business transactions. This requires a higher level of professionalism, knowledge and skills to enable sound and effective practice in tax matters.

Proposal

To enhance the competency of tax agents, it is proposed that a person who wishes to perform tasks relating to taxation be required to obtain tax agent license. The proposal includes licensed auditors. However, a licensed auditor who has acquired an audit license prior to 1 January 2006, shall be allowed to continue to be a tax agent. Consequently, guidelines relating to granting of audit license will be streamlined.

The proposal is effective from 1 January 2006.

APPENDIX A1

REVIEW OF TAX ON BEER AND LIQUOR

TARIFF CODE		DESCRIPTION	EXCISE DUTY		SALES TAX	
			Current Rate (RM per litre)	Proposed Rate (RM)	Current Rate (%)	Proposed Rate (%)
2203.00		**Beer made from malt:**				
2203.00	100	Not exceeding 5.8% vol	6.00	7.40 per litre and 15%	20	5
	900	Other	6.00	7.40 per litre and 15%	20	5
22.04		**Wine of fresh grapes, including fortified wines; grape must other than that of heading No. 20.09.**				
2204.10	000	- Sparkling wine	28.00	34.00 per litre and 15%	20	5
		- Other wine; grape must with fermentation prevented or arrested by the addition of alcohol:				
2204.21		- - In containers holding 2 l or less:				
	100	Wine	8.00	12.00 per litre and 15%	20	5
	200	Grape must with fermentation prevented or arrested by the addition of alcohol	8.00	12.00 per litre and 15%	20	5
2204.29		- - Other:				
	100	Wine	8.00	12.00 per litre and 15%	20	5
	200	Grape must with fermentation prevented or arrested by the addition of alcohol	8.00	12.00 per litre and 15%	20	5
2204.30	000	- Other grape must	8.00	12.00 per litre	-	-
22.05		**Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances.**				
2205.10	000	- In containers holding 2 l or less	8.00	12.00 per litre and 15%	20	5
2205.90	000	- Other	8.00	12.00 per litre and 15%	20	5
2206.00		**Other fermented beverages (for example, cider, perry, mead); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included.**				
	100	Cider and perry	1.00	1.50 per litre and 15%	20	5
	200	Rice wine (including sake and medicated rice wine)	3.00	22.50 per 100% vol per litre and 15%	20	5
	300	Mead	3.00	4.00 per litre and 15%	20	5
	400	Wines obtained by the fermentation of fruit juices, other than juice of fresh grapes (fig, date or berry wines), or of vegetable juices	2.00	30.00 per 100% vol per litre and 15%	20	5
		Other:				
	910	Toddy, bottled or canned	1.00	1.10 per litre and 15%	20	5

APPENDIX A1

REVIEW OF TAX ON BEER AND LIQUOR

TARIFF CODE		DESCRIPTION	EXCISE DUTY		SALES TAX	
			Current Rate (RM per litre)	Proposed Rate (RM)	Current Rate (%)	Proposed Rate (%)
	100	Brandy	8.00	25.00 per litre and 15%	20	5
	900	Other	8.00	25.00 per litre and 15%	20	5
2208.30	000	- Whiskies	8.00	25.00 per litre and 15%	20	5
2208.40	000	- Rum and tafia	8.00	25.00 per litre and 15%	20	5
2208.50	000	- Gin and Geneva	8.00	25.00 per litre and 15%	20	5
2208.60	000	- Vodka	8.00	25.00 per litre and 15%	20	5
2208.70		- Liqueurs and cordials:				
	100	Liqueurs and similar beverages not exceeding 57% vol	5.00	RM 42.50 per 100% vol per litre and 15%	20	5
	900	Other	10.00	RM 42.50 per 100% vol per litre and 15%	20	5
2208.90		- Other:				
	100	Samsu (including medicated samsu)	10.00	RM 22.50 per 100% vol per litre and 15%	20	5
	200	Arrack and pineapple spirit	13.00	17.00 per litre and 15%	20	5
	300	Bitters	6.00	9.00 per litre and 15%	20	5
		Other spirituous beverages:				
	910	Exceeding 0.5% vol but not exceeding 1.14% vol	0.10	0.10 per litre and 15%	20	5
	990	Other	5.00	RM 35.00 per 100% vol per litre and 15%	20	5

APPENDIX A2

STREAMLINING IMPORT DUTY ON LIQUOR

TARIFF CODE		DESCRIPTION	IMPORT DUTY	
			Current Rate (RM per litre)	Proposed Rate (RM)
2206.00		**Other fermented beverages (for example, cider, perry, mead); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included.**		
	200	Rice wine (including sake and medicated rice wine)	5.00	25.50 per 100% vol per litre
	400	Wines obtained by the fermentation of fruit juices, other than juice of fresh grapes (fig, date or berry wines), or of vegetable juices	13.00	108.50 per 100% vol per litre
		Other:		
	990	other	11.00	108.50 per 100% vol per litre
22.07		**Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher; ethyl alcohol and other spirits, denatured, of any strength.**		
2207.10	000	- Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher	54.00	60.00 per 100% vol per litre
22.08		**Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol; spirit, liqueurs and other spirituous beverages.**		
2208.70		- Liqueurs and cordials:		
	100	Liqueurs and similar beverages not exceeding 57% vol	28.00	93.50 per 100% vol per litre
	900	Other	39.00	64.50 per 100% vol per litre
2208.90		- Other:		
	100	Samsu (including medicated samsu)	15.00	26.50 per 100% vol per litre
		Other spirituous beverages:		
2208.90	990	other	17.00	64.50 per 100% vol per litre

APPENDIX B

REVIEW OF TAX ON CIGARETTES AND TOBACCO PRODUCTS

TARIFF CODE		DESCRIPTION	EXCISE DUTY		SALES TAX	
			Current Rate (RM)	**Proposed Rate (RM)**	**Current Rate (%)**	**Proposed Rate (%)**
24.02		**Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes.**				
2402.10	000	- Cigars, cheroots and cigarillos, containing tobacco	81.00/kg	110.00/kg and 20%	25	5
2402.20		- Cigarettes containing tobacco:				
	100	Beedies	5.00/kg	7.00/kg and 5%	10	5
	900	Other	0.081/stick	0.11/stick and 20%	25	5
2402.90		- Other:				
	100	Cigars, cheroots and cigarillos, containing tobacco substitutes	81.00/kg	110.00/kg and 20%	25	5
	200	Cigarettes containing tobacco substitutes	0.081/stick	0.11/stick and 20%	25	5
24.03		**Other manufactured tobacco and manufactured tobacco substitutes; "homogenised" or "reconstituted" tobacco; tobacco extracts and essences.**				
2403.10		- Smoking tobacco, whether or not containing tobacco substitutes in any proportion:				
		Packed for retail sale:				
	110	In airtight containers	20.00/kg	25.00/kg and 5%	10	5
	190	Other	20.00/kg	25.00/kg and 5%	10	5
	900	Other	10.00/kg	14.00/kg and 5%	10	5
		- Other:				
2403.91		- - "Homogenised" or "reconstituted"				
	100	For retail sale	20.00/kg	25.00/kg and 5%	10	5
2403.99		- - Other:				
	200	Snuff	20.00/kg	25.00/kg and 5%	10	5

APPENDIX C

REVIEW OF IMPORT DUTY ON SELECTED GOODS

TARIFF CODE		DESCRIPTION	CURRENT RATE (%)	PROPOSED RATE (%)
48.02		**Uncoated paper and paperboard, of a kind used for writing, printing or other graphic purposes, and non-perforated punch-cards and punch tape paper, in rolls or rectangular (including square) sheets, of any size, other than paper of heading 48.01 or 48.03; hand-made paper and paperboard.**		
4802.20		- Paper and paperboard of a kind used as a base of photo-sensitive, heat-sensitive or electro-sensitive paper or paperboard:		
		Cut to size:		
	110	in strips, rolls or sheets	25	20
4802.40		- Wallpaper base		
		Cut to size:		
	110	in strips, rolls or sheets	25	20
4802.54		- - Weighing less than 40 g/m2:		
		Paper and paperboard, of a kind used for writing, printing and other graphic purposes:		
		cut to size:		
	111	in strips, rolls or sheets	25	20
4802.55		- - Weighing 40 g/m2 or more but not more than 150 g/m2, in rolls:		
		Paper and paperboard, of a kind used for writing, printing and other graphic purposes:		
	110	cut to size	25	20
4802.56		- - Weighing 40 g/m2 or more but not more than 150 g/m2, in sheets with one side not exceeding 435mm and the other side not exceeding 297mm in the unfolded state:		
		Paper and paperboard, of a kind used for writing, printing and other graphic purposes:		
	110	cut to size	25	20
4802.57		- - Other, weighing 40 g/m2 or more but not more than 150 g/m2:		
		Paper and paperboard, of a kind used for writing, printing and other graphic purposes:		
		cut to size		
	111	in strips or sheets	25	20
4802.58		- - Weighing more than 150 g/m2:		
		Paper and paperboard, of a kind used for writing, printing and other graphic purposes:		
		cut to size:		
	111	in strips, rolls or sheets	25	20
		- Other paper and paperboard, of which more than 10% by weight of the total fibre content consists of fibres obtained by a mechanical or chemi-mechanical process:		
4802.61		- - In rolls:		
		Paper and paperboard, of a kind used for writing, printing and other graphic purposes:		
	110	cut to size	25	20
4802.62		- - In sheets with one side not exceeding 435mm and the other side not exceeding 297mm in the unfolded state:		
		Paper and paperboard, of a kind used for writing, printing and other graphic purposes:		
	110	cut to size	25	20
4802.69		- - Other:		
		Paper and paperboard, of a kind used for writing, printing and other graphic purposes:		
		cut to size:		
	111	in strips or sheets	25	20

APPENDIX C

REVIEW OF IMPORT DUTY ON SELECTED GOODS

TARIFF CODE		DESCRIPTION	CURRENT RATE (%)	PROPOSED RATE (%)
48.05		**Other uncoated paper and paperboard, in rolls or sheets, not further worked or processed than as specified in Note 3 to this Chapter.**		
		- Fluting paper:		
4805.12		- - Straw fluting paper:		
	200	Weighing more than 150 g/m2 but less than 225 g/m2	Nil	10
4805.19		- - Other:		
	200	Weighing more than 150 g/m2 but less than 225 g/m2	Nil	10
		- Testliner (recycled liner board)		
4805.25		- - Weighing more than 150 g/m2		
	100	Weighing more than 150 g/m2 but less than 225 g/m2	Nil	10
48.10		**Paper and paperboard, coated on one or both sides with kaolin (China clay) or other inorganic substances, with or without a binder, and with no other coating, whether or not surfaced-coloured, surface-decorated, or printed, in rolls or rectangular (including square) sheets, of any size.**		
		Paper and paperboard of a kind used for writing, printing or other graphic purposes, not containing fibres obtained by a mechanical or chemi-mechanical process or of which not more than 10% by weight of the total fibre content consists of such fibres:		
4810.13		- - in rolls:		
		Cut to size:		
	120	printed for self-recording apparatus	25	20
4810.14		- - In sheets with one side not exceeding 435mm and the other side not exceeding 297mm in the unfolded state:		
		Cut to size:		
	120	printed for self-recording apparatus	25	20
4810.19		- - Other:		
		Cut to size:		
	120	printed for self-recording apparatus	25	20
4810.22		- - Light-weight coated paper:		
		Cut to size:		
	120	rolls, sheets and dials, printed for self-recording apparatus	25	20
4810.29		- - Other:		
		Cut to size:		
	120	rolls, sheets and dials, printed for self-recording apparatus	25	20
		- Kraft paper and paperboard, other than that of a kind used for writing, printing or other graphics purposes:		
4810.31		- - Bleached uniformly throughout the mass and of which more than 95% by weight of the total fibre content consists of wood fibres obtained by a chemical process, and weighing 150 g/m2 or less:		
		Cut to size		
	110	rolls, sheets and dials, printed for self-recording apparatus	25	20
		other:		
	191	in strips, rolls or sheets	25	20
4810.32		- - Bleached uniformly throughout the mass and of which more than 95% by weight of the total fibre content consists of wood fibres obtained by a chemical process, and weighing more than 150 g/m2:		
		Cut to size:		
	110	rolls, sheets and dials, printed for self-recording apparatus	25	20
		other:		
	191	in strips, rolls or sheets	25	20

APPENDIX C

REVIEW OF IMPORT DUTY ON SELECTED GOODS

TARIFF CODE		DESCRIPTION	CURRENT RATE (%)	PROPOSED RATE (%)
4810.92		- Other paper and paperboard:		
		- - Multi-ply:		
		Cut to size:		
	110	rolls, sheet and dials, printed for self-recording apparatus	25	20
		other:		
	191	in strips, rolls or sheets	25	20
4810.99		- - Other:		
		Cut to size:		
	110	rolls, sheets and dials, printed for self-recording apparatus	25	20
		other:		
	191	in strips, rolls or sheets	25	20
4811		**Paper, paperboard, cellulose wadding and webs of cellulose fibres, coated, impregnated, covered, surface-coloured, surface-decorated or printed, in rolls or rectangular (including square) sheets, of any size other than goods of the kind described in heading No. 48.03, 48.09 or 48.10.**		
4811.10		- Tarred, bituminised or asphalted paper and paperboard:		
		Paper-based asphalt roofing:		
		Cut to size:		
	111	in strips, rolls or sheets	25	20
		Other:		
		Cut to size:		
	911	in strips, rolls or sheets	25	20
		- Gummed or adhesive paper and paperboard:		
4811.41		- - Self adhesive:		
		Cut to size:		
	110	in strips, rolls or sheets	25	20
	900	Other	25	20
4811.49		- - Other:		
		Cut to size:		
	110	in strips, rolls or sheets	25	20
	900	Other	25	20
		- Paper and paperboard coated, impregnated or covered with plastic (excluding adhesive):		
4811.51		- - Bleached, weighing more than 150 g/m2:		
		Cut to size:		
	110	in strips, rolls or sheets	25	20
4811.59		- - Other:		
		Cut to size:		
	110	in strips, rolls or sheets	25	20
4811.60		- - Paper and paperboard, coated, impregnated or covered with wax, paraffin wax, stearin, oil or glycerol:		
		Cut to size:		
	110	in strips, rolls or sheets	25	20
4811.90		- - Other paper, paperboard, cellulose wadding and webs of cellulose fibres:		
		Cut to size:		
	110	in strips, rolls or sheets	25	20

APPENDIX C

REVIEW OF IMPORT DUTY ON SELECTED GOODS

TARIFF CODE		DESCRIPTION	CURRENT RATE (%)	PROPOSED RATE (%)
69.02		**Refractory bricks, blocks, tiles and similar refractory ceramic constructional goods, other than those of siliceous fossil meals or similar siliceous earths.**		
6902.10	000	- Containing by weight, singly or together, more than 50% of the elements Mg, Ca, or Cr, expressed as Mg0, Ca0 or $Cr_2 0_3$	25	20
6902.20	000	- Containing by weight more than 50% of alumina (Al_2O_3), of silica (SiO_2) or of a mixture or compound of these products	25	20
6902.90	000	- Other	25	20
7019		**Glass fibres (including glass wool) and articles thereof (for example, yarn, woven fabrics)**		
		- Slivers, rovings, yarn and chopped strands;		
7019.12	000	- - Rovings	25	20
7019.19		- - Other:		
	900	Other	25	20
		- Thin sheets (voiles), webs, mats, mattresses, boards and similar nonwoven products:		
7019.31	000	- - Mats	25	20
7019.39	000	- - Other	25	20
7019.40	000	- Woven fabrics of rovings	25	20
		- Other woven fabrics:		
7019.51	000	- - Of a width not exceeding 30 cm	25	20
7019.52	000	- - Of a width exceeding 30 cm, plain weave, weighing less than 250g/m2, of filaments measuring per single yarn not more than 136 tex	25	20
7019.59	000	- - Other	25	20
7019.90		- Other		
	100	Fibre (including wool)	25	20
8509		**Electro-mechanical domestic appliances, with self-contained electric motor.**		
8509.20	000	- Floor polishes	30	25
8516		**Electric instantaneous or storage water heaters and immersion heaters; electric space heating apparatus and soil heating apparatus; electro-thermic hair dressing apparatus (for example, hair dryers, hair curlers, curling tong heaters) and hand dryers; electric smoothing irons; other electro-thermic appliances of a kind used for domestic purposes; electric heating resistors, other than those of heading No. 85.45.**		
		- Electro-thermic hair-dressing or hand-drying apparatus:		
8516.32	000	- - Other hair-dressing apparatus	25	20
8516.33	000	- - Hand-drying apparatus	25	20
		- Other electro-thermic appliances:		
8516.71	000	- - Coffee or tea makers	25	20
8516.72	000	- - Toasters	25	20
8524		**Records, tapes and other recorded media for sound or other similarly recorded phenomena, including matrices and masters for the production of records, but excluding products of Chapter 37.**		
8524.60	000	- Cards incorporating a magnetic stripe	30	25