Appendix 2

SESSI PERBINCANGAN - ISU-ISU BELANJAWAN TAHUN 2005

Issues relating to previous budget proposais (Pages 46 - 50 of Budget Complementary & Tax Information)

Budget Proposal 1998		Answers
	1	Special wards for lower income earners provided by private clinics is recognised as an approved service project under Schedule 7B ITA 1967. Therefore, no income tax rules to be issued.
Budget Proposal 1999		
	1	The income tax exemption order for the income derived from repair and maintenance activities for luxury boats and yachts in Langkawi - has been discussed with MOF.
Budget Proposal 2003		
(1)	1	The income tax rules for the accelerated agriculture allowance on qualifying capital expenditure incurred by a non-rubber plantation company in the preparation of land, planting an d maintenance of rubber wood cultivation - being drafted.
(2)	2	The deduction for expenses incurred by a company in sponsoring Family Days falls under the existing section 39(1)(I)(i) ITA 1967. Therefore, no income tax rules to be issued.
(4)	3	The income tax exemption order for the value of increased export for locally owned manufacturing under (i), (ii) and (iii) - being drafted.
(5)	4	The income tax exemption order for the income derived from the activities of an approved RDC - being drafted.
(6)	5	The income tax exemption order for the income derived from the activities of an approved OHQ - being drafted.
(7)	6	The income tax rules for a company that invests in the wholly-owned subsidiary company involved in the consolidation of management of smallholdings or idle land - under discussion.
(11)(ii)	7	The income tax rules for expenditure incurred by a company for drafting the individual Corporate Knowledge based Master Plan - being drafted.

2003 Economic Stimulus Package		Answers
(2)	1	The income tax exemption order for group relief under pre pacakage incentives i.e forest plantations and selested products such as biotechnology, nanotechnology, optics and photonics - under discussion.
(3)	2	The income tax exemption order for the pre package incentive scheme for pioneer status with 100% exemption for 10 years or investment tax allowance of 100% for 5 years - being drafted.
(4)	3	Application for approval of double deduction on expenditure incurred for R&D activities undertaken overseas has to be made to MOF.
(6)	4	The income tax exemption order for the value of increased export of locally produced product exported by the hypermarket and direct selling companies - being drafted.
(7)	5	The income tax exemption order for the income derived from the activities of a new and existing OHQ are provided under the same exemption order - being drafted.
(8)	6	The income tax exemption order for the income derived from activities of an approved IPC - being drafted.
Budget Proposal 2004		
(5)	1	The income tax exemption order for the income derived from activities of venture capital company and venture capital management company - being drafted.
(6)	2	The income from qualifying services provided to related company in Malaysia by an approved OHQ is exempted under the same income tax exemption order for OHQ under Budget 2003 - being drafted.

Note :

Incentives provided under Promotion of Investments Act (PIA) 1986:

1. Pioneer status; and

2. Investment tax allowance.

   PIA 1986 will be amended and the proposed activities or products will be gazetted as promoted activities or product under the Promotion of Investments Order.