

Corporate Income Tax on exports for companies registered under Companies Act (Cap 39) as Sdn Bhd or Bhd

With reference to Section 8A of the Income Tax Act, Cap 35, a flat tax rate of 1% has been introduced to encourage export activities in respect of approved types of export. The tax rate is applicable only for companies which registered as Sdn Bhd or Bhd under the Companies Act (Cap 39) upon request to the Revenue Division, Ministry of Finance and Economy.

The tax imposed shall be computed by applying the prescribed rate of tax to the gross proceeds of export, liable to be assessed to tax under this Act. The total turnover of the exporter can be considered as exports, only if the local sales do not exceed 20% of the total turnover. If the local sales exceed 20% of the total turnover and the company cannot separately prove the extent of the expenses relating to the local sales, the allocation of the expenses may be made on a *pro-rata* basis.

No deduction shall be given in respect of any capital allowance, losses and tax credits under this Act for any expenditure incurred on the approved exports activities. Meanwhile, the capital allowances shall be taken to have been given at the prescribed rate for the relevant period.

Comparison of Corporate Income Tax and Tax on Export based on the tax payable for turnover of \$64,324,265 for local sales not exceeding 20% of the total turnover:

Corporate Tax Computation		Tax Computation on Exports	
	\$		\$
Turnover	64,324,265	Turnover	64,324,265
Income Assessed	4,267,010		
Tax:			
First \$100k X 25% X 18.5%	4,625		
First \$150k X 50% X 18.5%	13,875		
Balance @ 18.5%	743,147		
Total Tax Payable	761,647	Total tax payable@ 1%	643,243

APPROVED INDUSTRIES FOR EXPORT

Pursuant to section 8A of the Income Tax (Amendments) Order, 2012, the following industries and products have been declared as APPROVED industries for export.

INDUSTRIES	PRODUCTS
1) Cement Finish Mill	Cement
2) Pharmaceutical	Various types of medicines, vitamins, tablets, syrup.
3) Aluminium Wall Tile	Aluminium wall tiles and other decorative tiles.
4) Rolling Mill Plan	Manufacturing/fabrication iron and steel, steel bars, angle iron, u-channel
5) Tissue paper	Tissue paper and kitchen napkin
6) Textile	Various types of clothing
7) Canning, bottling and packaging	Various types of canned, bottled and packaged food
8) Furniture	Wooden, rattan, knock-down furniture
9) Glass	Sheet glass, industrial glass optical and photographic glassware, lighting and decorative glassware etc.
10) Ceramic and potteries	Tiles, sanitary-ware, chinaware, stones ware, pottery-ware, porcelain-ware.
11) Wood base	Plywood and wooden construction elements
12) Plastics and synthetic	PVC tubing pipes, plastics, bottles, containers, various types of medical and surgical and household rubber products.
13) Fertilizers and pesticides	Various types of fertilizers and pesticides
14) Sheet metal-forming	Roofing, walling, fencing, roof trusses, frames, fitting and fixtures, ducting, containers for storage and transport, other related building materials.
15) Manufacture of Electrical industrial Machinery and	The manufacture, renovation of electric motors, generators and complete turbine-generator and complete turbine-generator and engine generator sets, transformers, switchgear and switchboard apparatus,

INDUSTRIES	PRODUCTS
Apparatus	rectifiers, other electrical transmission and distribution equipment, electrical transmission and distribution equipment, electrical industrial control devices such as motor starters and controllers, electro-magnetic clutches and brakes, electrical welding apparatus and other electrical industrial apparatus
16) Slaughtering, preparing and preserving halal meat	Abattoirs and halal meat packing plants; dressing and packing cattle, sheep, lambs, poultry and rabbits. Included are processing and packing activities such as curing, smoking, salting, pickling, packing in air-tight containers and quick-freezing. The manufacture of sausage casing, halal meat soups, halal meat puddings and pies and other edible halal animal fats are also included.
17) Manufacture of non-metallic mineral products	The manufacture of miscellaneous non-metallic mineral products, such as concrete, gypsum and plaster products, including ready-mixed concrete; glass fibre insulation product; mineral wool; slate products; cut-stone products; abrasives; graphite products; silica and all other non-metallic mineral products except asbestos.
18) Manufacture of Radio, Television and Communication Equipment and Apparatus	The manufacture of radio and television receiving sets, sound reproducing and recording equipment, including public address systems, gramophones, dictating machines and tape recorders; gramophone records and pre-recorded magnetic tapes, wire and wireless telephone and telegraph equipment; radio and television transmitting, signalling, and detection equipment and apparatus; radar equipment and installations; parts and supplies specially used for electronic apparatus classified in this group; semi-conductor and related sensitive semi-conductor devices; fixed and variable electronic capacitors and condensers; radiographic, fluoroscopic and other x-ray apparatus and tubes.
19) Manufacture of communication equipment	The manufacture of telephone and data communications equipment signals electronically over wires or through the air such as radio and television broadcasting communication equipment. This class includes: <ul style="list-style-type: none"> - manufacture of central office switching equipment - manufacture of cordless telephones - manufacture of private branch exchange (PBX) equipment - manufacture of telephone and facsimile equipment, including telephone answering machines - manufacture of data communications equipment, such as bridges, routers, and gateways

INDUSTRIES	PRODUCTS
	<ul style="list-style-type: none"> - manufacture of transmitting and receiving antenna - manufacture of cable television equipment - manufacture of pagers - manufacture of cellular phones - manufacture of mobile communication equipment - manufacture of radio and television studio and broadcasting equipment, including television cameras - manufacture of modems, carrier equipment - manufacture of burglar and fire alarm systems, sending signals to a control station - manufacture of radio and television transmitters - manufacture of infrared devices (e.g. remote controls)
<p>20) Manufacture of other articles of paper and paperboard</p>	<p>The manufacture of household and personal hygiene paper and cellulose wadding products:</p> <ul style="list-style-type: none"> - cleansing tissues, - handkerchiefs, towels, serviettes - toilet paper - sanitary towels and tampons, napkins and napkin liners for babies, - cups, dishes and trays. - manufacture of textile wadding and articles of wadding: sanitary towels, tampons etc. - manufacture of printing and writing paper ready for use - manufacture of computer printout paper ready for use - manufacture of self-copy paper ready for use - manufacture of duplicator stencils and carbon paper ready for use - manufacture of gummed or adhesive paper ready for use - manufacture of envelopes and letter-cards - manufacture of registers, accounting books, binders, albums and similar educational and commercial stationery - manufacture of boxes, pouches, wallets and writing compendiums containing an assortment of paper stationery - manufacture of wallpaper and similar wall coverings, including vinyl-coated and textile wallpaper - manufacture of labels - manufacture of filter paper and paperboard - manufacture of paper and paperboard bobbins, spools, cops etc. - manufacture of egg trays and other moulded pulp packaging products etc. - manufacture of paper novelties