

INCOME TAX (DEDUCTION FOR PROMOTION OF INTERNATIONAL OR PRIVATE SCHOOL) RULES 2012

PU (A) 110
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IN exercise of the powers conferred by paragraph 154(1)(b) read together with paragraph 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

CITATION AND COMMENCEMENT

- 1(1) These rules may be cited as the **Income Tax (Deduction for Promotion of International or Private School) Rules 2012**.
- 1(2) These Rules shall have effect from the year of assessment 2012.

APPLICATION

- 2 These Rules shall apply to—
- (a) an international or private school which is—
- (i) a company incorporated under the Companies Act 1965 [Act 125]; or
 - (ii) a society which is established and registered under the Societies Act 1966 [Act 335];
- resident in Malaysia and registered with the Ministry of Education Malaysia and has complied with the conditions and regulations as determined by that Ministry under the Education Act 1996 [Act 550];
- (b) an international or private school which carries on a business of providing education in a school located in Malaysia in the basis period for a year of assessment; and
- (c) an international or private school which is not eligible for a deduction under the Income Tax (Deductions for Promotion of Export of Services) Rules 1999 [P.U. (A) 193/1999].

DEDUCTION

- 3(1) Subject to these Rules, for the purpose of ascertaining the adjusted income of an international or private school from its business for the basis period for a year of assessment, there shall be allowed as a deduction any outgoings and expenses of the kind described in subrule (2) which were incurred—
- (a) by that school, during that basis period, with respect to that business; and
 - (b) primarily and principally for the purpose of promoting its international or private school operated and located in Malaysia.

- 3(2)** The outgoings and expenses referred to in subrule (1) are—
- (a) expenses incurred in respect of market research for international or private school education;
 - (b) expenses incurred in respect of preparation of technical information to a person outside Malaysia relating to the services provided by that school in Malaysia;
 - (c) expenses in respect of traveling to a country outside Malaysia by a representative of that school (not more than three representatives) for the purpose of participating in education fairs which are held outside Malaysia and approved by the Ministry of Education Malaysia and the actual expenses are subject to—
 - (i) economy class air fare;
 - (ii) a maximum of three hundred ringgit per day for accommodation; and
 - (iii) a maximum of one hundred and fifty ringgit per day for sustenance,for the whole period commencing from the date of the representative's departure from Malaysia and ending on the date of his return to Malaysia;
 - (d) expenses directly incurred for participating in education fairs which are held outside Malaysia and approved by the Ministry of Education Malaysia other than those expenses specified in paragraph (2)(c); or
 - (e) expenses incurred in respect of publicity and advertisement in any media outside Malaysia for the promotion of international or private school in Malaysia.
- 3(3)** The total amount of deduction allowable under subrule (2) for participating in the education fairs which are held outside Malaysia shall be additional to any deduction under section 33 of the Act and shall not exceed one hundred thousand ringgit for each year of assessment.
- 3(4)** No deduction shall be allowed under these Rules in respect of any outgoings, expenses or other payments which are—
- (a) of the kind mentioned in subsection 39(1) of the Act; or
 - (b) incurred by an international or private school having a place of business and subject to tax in the country where such outgoings and expenses were incurred.
- 3(5)** Where the amount of any outgoings and expenses, the whole of which would have been allowable as a deduction under these Rules but for this subrule, exceed the amount which in the opinion of the Director General would reasonably be expected to be incurred in the ordinary course of business with respect to which those outgoings and expenses were incurred, the Director General may to the extent of that excess disallow that amount as a deduction under these Rules.
- 3(6)** For the purpose of subrule (1), where two basis periods overlap, the period common to both shall be deemed to fall in the first basis period only.