



TAX DEDUCTION UNDER STANDARDS MALAYSIA ACREDITATION SCHEMES

INTRODUCTION

1. Accreditation ensures certification bodies (CBs) and laboratories to provide highly consistent and reliable services so as to continually win the confidence of consumers and regulators and at the same time meet market demands. Accreditation also facilitates international trade in accordance to the WTO/TBT agreement which highlights “One product, One Test/Certification, Acceptable Everywhere”.

ELIGIBILITY

1. In order to encourage and invite more CBs and laboratories to be a part of the STANDARDS MALAYSIA accreditation schemes, the government has decided to introduce tax incentives in the form of tax deductions for the CBs and laboratories in obtaining accreditation from STANDARDS MALAYSIA as provided under **paragraph 34(6)(m), Income Tax Act 1967**.

2. STANDARDS MALAYSIA accredited CBs and laboratories are entitled for tax deduction for the following type of costs imposed by STANDARDS MALAYSIA :

- i) Assessment Fee
- ii) Annual Fee
- iii) Any other relevant fee imposed by STANDARDS MALAYSIA

3. The new “Self Assessment System” introduced by the Inland Revenue Board of Malaysia requires taxpayers to work out and pay their own income tax. The taxpayer is given the responsibility to compute his own tax liability. As such, STANDARDS MALAYSIA accredited CBs and laboratories may deduct expenditure imposed by STANDARDS MALAYSIA as mentioned above in ascertaining their adjusted income from a business. However, the CBs and laboratories are required to maintain copies of payment receipts and accredited certificates as a proof to their declaration and importantly to be made available during audits by the Inland Revenue Board of Malaysia.

4. Under **paragraph 34(6)(ma), Income Tax Act 1967**, companies are entitled to claim double deduction for expenditure incurred for the purposes of obtaining certification for recognised quality systems and standards from a

certification body as determined by the Minister of Finance. They are also responsible in maintaining copies of accredited certificates and copies of payment receipts of the costs imposed by the STANDARDS MALAYSIA accredited CB in obtaining certification for their system.

5. The tax deduction is applicable for all programmes operated by STANDARDS MALAYSIA under its various accreditation schemes.

Extract from The Income Tax Act 1967 - Subsection 34 (6) :

“(m) an amount equal to the expenditure, not being capital expenditure, incurred by a company in the relevant period for the purpose of obtaining accreditation for a laboratory or as a certification body, as evidenced by a certificate issued by the Department of Standards Malaysia :

Provided that the expenditure incurred in the relevant period shall be deemed to be incurred by that company in the basis period for the year of assessment in which the certificate is issued ;

“(ma) an amount twice the amount of the expenditure, not being capital expenditure, incurred by a company in the relevant period for the purpose of obtaining certification for recognised quality systems and standards, and halal certification, evidenced by a certificate issued by a certification body as determined by the Minister:

Provided that the expenditure incurred in the relevant period shall be deemed to be incurred by that company in the basis period for the year of assessment in which the certificate is issued;