



Suruhanjaya Komunikasi dan Multimedia Malaysia
Malaysian Communications and Multimedia Commission

NOTICE

The Income Tax (Deduction for Cost of Developing Website) Rules 2003 provides tax incentive for the development of e-commerce enabled website.

The application for certification can be made by completing the form entitled *Application Form for Certification of E-Commerce Website* and this can be submitted to Malaysian Communications and Multimedia Commission (MCMC) to the following address:

Chairman
Malaysian Communications and Multimedia Commission
63000 Cyberjaya
Selangor Darul Ehsan

Attn: En. Jailani Johari
Head
Regulatory and State Coordination Division

Tel: +603 8688 8000 Fax: +603 8688 1002

<http://www.mcmc.gov.my>

GUIDELINES FOR THE CERTIFICATION OF E-COMMERCE ENABLED WEBSITES

COMMENCEMENT

The *Income Tax (Deduction for Cost of Developing Website) Rules 2003* (the Rules) are deemed to have effect from the year of assessment 2002.

ELIGIBILITY FOR TAX DEDUCTION

Pursuant to the Rules, for the purpose of ascertaining under the Income Tax Act 1967 the adjusted income from a business resident in Malaysia who has incurred the cost of developing a website which is electronic commerce enabled for the basis period for a year of assessment, there shall be allowed a deduction of an amount equal to one-fifth of that cost for that year of assessment and for each of the four following years of assessment.

In these Guidelines "electronic commerce enabled" means a system of processes where transaction involving the transfer of information, products, services or payments can be made through electronic networks for an electronically confirmed consideration as verified by the Malaysian Communications and Multimedia Commission (MCMC)

QUALIFYING CRITERIA

The above tax deduction may be given to an applicant upon fulfilling the following requirements:

1. The applicant must have a website.
2. The website must be hosted on a web server that is located in Malaysia.
3. There must be server software or applications that supply information to the web server on request. There must be:
 - (a) Shopping cart or any programs that facilitates the collection of information.

The program is a way to let web shoppers select the products or services they want, preview the sale amounts, delete items if they change their minds about, enter their

payment and shipping information, and then cancel the order completely if they want.

- (b) Security capabilities that will allow the encryption of data during the transfer of customer information.
4. The collection of payment may be made online or offline. If the collection of payment is carry-out online, there must be:
- (a) Software to process transactions and send information to all of the involved parties (seller's bank, customer's bank, etc.).
 - (b) Security capabilities that will allow the encryption of data during the transfer of customer information.

APPLICATION PROCEDURE

The application procedure is as follows:

1. Application must be made by completing the form entitled "Application Form for Certification of E-Commerce Website" and a processing fee of RM100.00 (Ringgit Malaysia One Hundred) by way of crossed cheque made payable to Malaysian Communications and Multimedia Commission.
2. For purposes of this application, MCMC may request for additional information.
3. Once the certification has been obtained, the applicant must attach the certification to the income tax return form for submission to the Inland Revenue Board.

Note: The criteria may change over time depending on advances in technology and other conditions. For queries and information, kindly refer to:

Licensing Department
Regulatory and Coordination Division
Malaysian Communications and Multimedia Commission
63000 Cyberjaya
Selangor Darul Ehsan

Tel: +603 8688 8000