
Answers

1 Letter to Cik Michfara, BungaRaya Sdn Bhd

Tax Firm
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Cik Michfara
Group managing director
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3 March 2020

Dear Cik Michfara,

We refer to our meeting in our office on 2 March 2020 regarding the proposed manufacturing of surgical supplies by BungaRaya Sdn Bhd (BRSB) for export.

We have set out in this letter the tax incentives potentially available to BRSB, the respective tax savings, our reasoned recommendation, and the implications of an over-claim of group relief.

(a) Tax incentives

(i) Pioneer status (PS)

BRSB does not enjoy any tax incentives, and it proposes to manufacture a promoted product. It is therefore eligible to apply for PS.

Tax relief period

PS offers a tax relief period (TRP) of five years from the production day. The TRP is therefore 1 September 2020 to 31 August 2025.

Mechanism

This means that for the years of assessment (YAs) 2021 to 2025, 70% of the statutory income (SI) from the surgical supplies activity will be tax exempt. The remaining 30% will be 'leapfrogged' to total income and quarantined for tax for each YA.

As BRSB will break even in YA 2021, there will be no income to be exempted for YA 2021. For YAs 2022 to 2025, the cumulative statutory income is RM100 million. 70% of the collective SI of RM100 million, i.e. RM70 million, will be exempted from tax for the four-year period.

(ii) Investment tax allowance (ITA)

As an alternative to PS, BRSB is eligible to apply for ITA for fulfilling the same conditions: promoted product and no tax incentive enjoyed for the relevant YA.

Tax relief period

ITA offers an additional 60% relief, over and above capital allowances, for qualifying capital expenditure (QCE) incurred during a specified five-year period commencing from the date QCE is first incurred.

Mechanism

As BRSB expects to incur QCE of RM45 million by July 2020, there will be ITA for YA 2020. This works out at RM27 million (60% of RM45 million) which will be deductible against 70% of SI for each YA. Any amount unabsorbed may be carried forward to the following YAs until it is fully absorbed. As there will be no further QCE in the following four years, there will be no ITA in those four years.

(iii) Reinvestment allowance (RA)

Tax relief period

BRSB is eligible for RA in YA 2020 because:

- It is a resident company engaged in manufacturing medical supplies;
- It has been operating in manufacturing since 2015, thus fulfilling the requisite 36 months;
- Producing surgical supplies, after having produced medical supplies, can be said to be diversification. The surgical supplies project will therefore constitute a qualifying project for RA purposes; and
- It will incur QCE on the factory, and plant and machinery in connection with the qualifying project in YA 2020.

BRSB will be eligible for RA for a period of 15 consecutive YAs from YA 2020.

Mechanism

The QCE for RA will be less at RM41.5 million, excluding the warehouse building for storage which is non-qualifying.

The additional relief afforded by RA is 60% of RM41.5 million, i.e. RM24.9 million. This amount will be deductible against 70% of SI in each YA.

Any amount unabsorbed may be carried forward to the following YAs until it is fully absorbed. If any RA remains unabsorbed as at the end of seven YAs after the 15-YA tax relief period, i.e. YA 2041 (YA 2034 + seven YAs), the RA shall be disregarded (i.e. cannot be carried forward).

(iv) Allowance for increased exports (AIE)**Tax relief period**

An allowance for significant increase in export is available when the value of increased exports is at least 50% over the immediately preceding YA. BRSB is therefore eligible to claim AIE in YAs 2021 to 2024 as the increased exports expected in each YA over the preceding YA is more than 50%.

Mechanism

The AIE of 30% of the increased export value is deductible from 70% of SI for each YA. Any unabsorbed amount may be carried forward to the following YAs until its full absorption.

(b) Tax savings from each incentive measure

Please refer to the appendix.

(c) Recommendations

The tax savings are computed as follows:

	YA	RM'000
PS	2022 to 2025	16,800
ITA	2020	6,480
RA	2020	5,976
AIE	2021 to 2024	10,080

(i) Recommendation: PS

PS yields tax savings of RM16.8 million over the five-year TRP because of the high level of profits of RM100 million after the initial year of breaking even.

PS is our recommendation because it yields the highest level of total tax savings.

(ii) Next best combination of incentives: ITA and AIE

If BRSB does not obtain approval for PS, our recommendation is to choose a combination of ITA and AIE. ITA saves RM6.48 million in YA 2020, and AIE, for YA 2021 to 2024, saves RM10.08 million, making total tax savings of RM16.56 million.

This combination does not offend the mutual exclusion of ITA and AIE, and is therefore possible, because there is no ITA claim during the AIE claim period of YA 2021 to YA 2024.

(d) Group relief – over-claim**Impact on the claimant**

There is specific provision [s.44A(9)] in the law to address a position where the Director General of Inland Revenue (DGIR) discovers that the adjusted loss ought not to be deducted in arriving at the total income of the claimant company. The DGIR may, within five years of the discovery, raise an assessment/additional assessment on the claimant company to make good the tax under-charged.

In this case, BRSB, being the claimant company, can expect an additional assessment for YA 2017 for RM120,000 being the tax under-charged at 24% on the RM500,000 which ought not to have been deducted in arriving at the total income of BRSB for YA 2017.

Impact on the surrenderer

Orkid, being the surrendering company, is deemed to have given incorrect information in respect of the adjusted loss surrendered. The DGIR may issue a notice requiring Orkid to pay a penalty equal to RM120,000, the amount of tax under-charged on BRSB as a result of the incorrect information.

Orkid has the right to appeal in writing within 30 days of being notified of the penalty. The appeal is to the Special Commissioners of Income Tax and the normal tax appeal provisions apply.

We trust that we have adequately addressed the issues. Meanwhile, please do not hesitate to contact us should you require further clarifications on any of the above matters.

Yours sincerely

Tax director
Enclosure

Appendix

Tax savings

PS

The cumulative statutory income for YA 2022 to YA 2025 is RM100 million. 70% of RM100 million, i.e. RM70 million, will be collectively tax exempt.

This represents a tax saving of RM16.8 million (RM70 million x 24%) for the entire five-year TRP.

ITA

The QCE is RM45 million as all three items of factory, warehouse, plant and machinery qualify for ITA. 60% of RM45 million, i.e. RM27 million, is cumulatively deductible against 70% of SI for each YA.

There is a tax saving of RM6.48 million (RM27 million x 24%).

RA

The QCE is RM41.5 million. RA at 60% leads to an amount of RM24.9 million being tax exempt.

The tax saving is RM5.976 million (RM24.9 million x 24%).

AIE

The AIE in each YA is as follows:

YA	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
Export value in current YA	30,000	50,000	80,000	150,000
Export value in preceding YA	10,000	30,000	50,000	80,000
Increased export value	20,000	20,000	30,000	70,000
% of increase	200%	66%	60%	87%
AIE at 30% of increased export value	6,000	6,000	9,000	21,000

The total AIE of RM42 million (RM6 million + RM6 million + RM9 million + RM21 million) is cumulatively deductible against 70% of SI for each YA until it is fully absorbed.

RM42 million at 24% will yield a tax saving of RM10.08 million over the five years.

2 RichieRich Bhd (RRB)

(a) (i) Basis of taxation of a listed investment holding company (IHC)

RRB, as a listed IHC, is treated under a specific provision [s.60FA] of the Income Tax Act. RRB's investment income, i.e. rent, interest and dividend, is deemed to be separate business sources.

Any direct expenses wholly and exclusively incurred in producing the investment income are deductible in arriving at the adjusted income from each source.

Common expenses and capital allowances (CAs) on common assets used in the investment holding activity are attributable to each source (including exempt income) and deducted therefrom. Any unabsorbed expenses and CAs cannot be carried forward.

Since RRB operates a genuine business, i.e. management services, it may claim its share of common expenses and CAs, and any direct expenses wholly and exclusively incurred in the production of the management fees. RRB may carry forward any loss or CA under normal tax provisions.

(ii) Tax computation, year of assessment (YA) 2019

Please see the appendix.

(b) Group reorganisation exercise

(i) Professional fees – service tax

The independent consultant's service for the reorganisation exercise represents a taxable service as provided under the Service Tax Regulations [First Schedule, Group G, column 2, item (g)].

The current service tax regime [unlike the previous service tax regime] views the portion relating to out-of-pocket expenses (OPE) as being a constituent part of the professional fees. Hence, OPE would be subject to service tax as they have not been specifically exempted.

The legal fees are not exempted because they were not paid to a person in the same profession as the independent consultant. Thus, the legal fees component will also be subject to service tax.

In conclusion, the entire amount of professional fees is subject to service tax at 6%.

(ii) Tax avoidance

The transfer of the profitable business of Untung Sdn Bhd to loss-making Rugi Sdn Bhd is for synergy. Therefore, it is a transaction with commercial substance. It is not a sham transaction as the transfer actually happened. In other words, it is a legal reality, not legal fiction.

As to the fact that this transfer expedited the absorption of the losses accumulated thus far, this is the effect, not the cause, of the transaction. In any case, the choice principle affords a business the right to choose to transact in one way as against another way. The fact that there arises a tax advantage does not negate the veracity of the transaction.

(c) Retirement gratuity to the chairman

Tax deductibility for RRB

The retirement gratuity will qualify for a tax deduction in arriving at the adjusted income of RRB: the chairman holds a position *vis-à-vis* RRB, and is, by definition, an employee of RRB.

Tax treatment on the chairman

A retirement gratuity payable to an employee aged 55 years and above who has served at least ten years with the same employer will be tax exempt under the law [paragraph 25, Schedule 6]. Although the chairman is 60 years old, i.e. above 55 years of age, he has been employed for seven and a half years only. Therefore, he does not qualify for the tax exemption.

However, under an alternative provision [paragraph 25D, Schedule 6], a sum received by way of gratuity on retirement from an employment is eligible for partial exemption of RM1,000 for each completed year of service. The chairman therefore is tax exempt on RM7,000 (RM1,000 x 7). The balance of RM293,000 is taxable in the basis period for the YA during which the sum was paid to the chairman, i.e. in YA 2019.

Appendix

RichieRich Bhd

Tax computation, YA 2019

Source	Interest RM	Lease rental RM	Foreign dividends RM	Management fees RM
Gross receipt	52,000	780,000	938,000	1,290,000
Less: Direct expenses	0	(21,000) (Quit rent)	0	(192,000) (40% of directors' fees)
Share of common expenses (W2)	(15,900)	(198,750)	(246,450)	(333,900)
Adjusted income	36,100	560,250	691,550	764,100
Less: CA (W2)	(460)	(5,750)	(7,130)	(9,660)
Statutory income	35,640	554,500	684,420	754,440
Taxable?	Yes, deemed business	Yes, deemed business	Tax exempt	Yes, genuine business
Deemed business				
Interest		35,640		
Lease rental		554,500		
Foreign dividend		0		
Genuine business: management fees		754,440		
Statutory income from all businesses/aggregate income		1,344,580		
Less: Loss		0		
Donation		0		
Total/chargeable income		1,344,580		
Tax at 24%		322,699		

Workings

W1 Common expenses

	RM	Notes
Audit fee	18,000	
Secretarial fee	5,000	Restricted by law.
Office expenses	105,000	
Wages, salaries and allowances	379,000	
Directors' remuneration: 60%	288,000	40% is attributable to management fees.
Professional fees	0	Reorganisation – capital in nature.
Quit rent and maintenance of vacant land	0	Wholly attributable to lease rental income.
Depreciation	0	Provision in nature, not incurred.
Total common expenses	795,000	

W2 Common expenses and capital allowances (CAs) for common assets are attributable to each source as follows:

	Interest	Lease	Foreign	Management	Total
	RM	rental	dividends	fees	RM
	RM	RM	RM	RM	RM
Gross receipt	52,000	780,000	938,000	1,290,000	3,060,000
Percentage of total	2%	25%	31%	42%	100%
Common expenses attributable (W1)	15,900	198,750	246,450	333,900	795,000
CAs attributable	460	5,750	7,130	9,660	23,000

3 (a) Link City Sdn Bhd (LCSB)

(i) Basis periods if the change of accounting date is to 30 June

Year of assessment (YA)	Basis period
2020	1 May 2019 to 30 June 2020
2021	1 July 2020 to 30 June 2021

Basis periods if the change of accounting date is to 31 December

YA	Basis period
2020	1 May 2019 to 31 December 2020
2021	1 January 2021 to 31 December 2021

Statutory income (SI) if the change of accounting date is to 30 June

	YA 2020 RM'000	YA 2021 RM'000
Adjusted income/(loss)		
– YA 2020	2,000	
– YA 2021 (1,000 – 800)		200
Less: Capital allowance (CA) (10% x 2,000,000)	(200)	(200)
SI	<u>1,800</u>	<u>0</u>

SI if the change of accounting date is to 31 December:

	YA 2020 RM'000	YA 2021 RM'000
Adjusted income/(loss)		
– YA 2020 (2,000 + 1,000)	3,000	
– YA 2021 (–800 + 500)		(300) carried forward (c/f)
Less: CA (10% x 2,000,000)	(200)	(200) c/f
SI	<u>2,800</u>	<u>0</u>

(ii) Why the change to 30 June is preferred

- A change of accounting date to 30 June would result in a 14-month basis period for YA 2020 versus 20 months if the change is made to 31 December. For annual allowance claim purposes, the allowance is given at the end of the basis period, irrespective of the length of the basis period.

Therefore, where the change is to 31 December, with a 20-month basis period, the company is only eligible for 'one year' of annual allowance, resulting in a lower CA claim, thus higher tax exposure.

- For the period from 1 January 2021 to 30 June 2021, the company is in a loss position. Where the change is to 30 June, that period is linked to the earlier profitable period of 1 July 2020 to 31 December 2020, resulting in full utilisation of the tax losses, hence, a lower tax exposure.

However, where the change is to 31 December, the loss is to be aggregated with the profits of 1 July 2021 to 31 December 2021. Since the profit for that period is lower, it is insufficient to utilise the loss and CA: the unutilised loss and CA have to be carried forward for future utilisation.

(iii) Notification requirements upon the change of accounting date

Where there is a change of accounting period and the new account period is more than 12 months long, the company is required to notify the Inland Revenue Board (IRB) of the change at least 30 days before the end of the normal accounting date [s.21A(3A)] via a prescribed form [Form CP204B] and revise its tax estimates and instalment payments, where relevant.

As LCSB's normal accounting period is 30 April, it is required to notify the IRB by 1 April 2020, i.e. at least 30 days before the end of the normal accounting date.

(iv) Consequences of non-notification of change of accounting period

	Consequences
Failure to notify	Upon conviction, liable to a fine of not less than RM200 and not more than RM20,000 or to imprisonment for a term not exceeding six months or to both.
Tax instalment payments	Where LCSB pays tax instalments based on the original tax estimate submitted with monthly instalments of RM20,000 up to May 2020 only, there would be non-payment of instalment payments for June and July 2020. The penalty for non-payment of the last two instalments will be calculated based on the original instalment amount of RM20,000, resulting in a penalty of RM4,000 (2 months x 10% penalty x RM20,000).

(b) Anwar and Izzah

The comparative tax treatments between a partnership and a limited liability partnership (LLP) are as follows:

	Partnership	LLP
(i) Taxable entity	A partnership is not a taxable entity. The share of profits will be taxed in the hands of the partners at the prevailing tax rate/s applicable to the individual partners.	An LLP is a taxable person: the LLP will be taxed on its profits at the prevailing tax rate of 24%.
(ii) Salaries of partners	Partners' salaries are not tax deductible against the partnership's income, but instead form part of the share of profits to be taxable in the hands of the individual partners.	Partners' salaries which are stipulated in the partnership agreement are allowed a tax deduction in the LLP. For the individual partners, the salaries are taxable as employment income.
(iii) Share of profits	The partners' share of profits will be taxable in the hands of the individual partners.	The partners' share of profits is not taxable on the individual partners as the profits have been taxed on the LLP.

In view of the level of profits of the partnership business, each partner would be deriving more than RM1 million profits annually.

As a partnership, the share of the profits will be taxed at the individual partner's level and the income tax rate brackets applicable will go up to 28%.

However, if a LLP structure is adopted, the profits will be taxed at the flat rate of 24%, and any subsequent profit distribution will not be taxable in the hands of the partners.

Therefore, it is more tax efficient for Anwar and Izzah to carry on the business as an LLP.

4 (a) Banyak Mall Sdn Bhd (BMSB)

(i) Intra-group relief provision for mall property transfer

In order to qualify for intra-group relief for property transfers, the following qualifying criteria must be met:

- The asset must be transferred between companies in the same group;
- The transfer must be intended to bring about greater efficiency in operation;
- The consideration for the transfer must consist of shares in the transferee company or substantially of shares in the transferee company (i.e. at least 75%) and the balance of a money payment;
- The transferee company must be a resident in Malaysia; and
- Prior approval from the Director General of Inland Revenue (DGIR) must have been obtained prior to execution of the agreement for the transfer.

While the transfer of the mall property was to its wholly-owned subsidiary, Lebih Gedung Sdn Bhd (LGSB), with the view to achieve operational efficiency of the business, the consideration was not substantially (i.e. at least 75%) in the form of shares in LGSB. Hence, BMSB did not meet the qualifying criteria for the intra-group relief. In addition, BMSB did not obtain approval from DGIR prior to the execution of the agreement to transfer the mall property.

In view of the above, it is right for the Inland Revenue Board (IRB) to deny the intra-group relief in relation to the mall property transfer.

(ii) Imposition of late submission penalty for real property gains tax (RPGT) return

Under the RPGT legislation [s.13], the disposer, i.e. BMSB, is required to submit a RPGT return within 60 days from the date of the disposal.

Where there is an agreement for the disposal, the date of the disposal is the date of the agreement unless the agreement is conditional requiring approval from the Government of Malaysia or State Government. The date of disposal then would be the date of such approval.

The agreement for the transfer of the mall property was signed on 4 September 2019, subject to the State Government's approval. This approval was obtained on 15 October 2019. Therefore, the tax return would need to have been filed within 60 days from that date, i.e. by 13 December 2019.

As the tax return was filed on 15 January 2020, it was late. The IRB, therefore, was right to impose the late submission penalty.

(iii) Computation of RPGT liability

	RM'000	RM'000
Sale consideration		15,000
Less: Valuation fee		(50)
Less: Mall construction cost		(10,000)
Less: Repair cost		(0)
Disposal price		<u>4,950</u>
Consideration for land acquisition	3,000	
Add: Interest cost	0	
Less: Insurance recoveries due to fire	<u>0</u>	
		<u>(3,000)</u>
Chargeable gain		<u>1,950</u>
RPGT payable (10%, i.e. more than five years of acquisition)		<u>195</u>

(b) Great Faith Sdn Bhd (GFSB)

Specialised machines

The lease rental for the specialised machines is subject to withholding tax under special class of income [s.4A(iii)] at the rate of 10%. It should be noted that for lease rentals, the place where the asset is put into use is irrelevant. Therefore, the lease rentals for both machines would be subject to withholding tax notwithstanding that one of the machine is used by GFSB's contract manufacturer outside Malaysia.

Amount subject to withholding tax

	RM'000
Lease rentals	<u>500</u>
10% withholding tax (Note)	<u>50</u>

A trainer falls within the definition of 'public entertainer'; the trainer fee payable to the US specialist engineer for services rendered in Malaysia is therefore subject to withholding tax of 15%. As the scope of withholding tax for a public entertainer is only applicable for services performed in Malaysia, and as only one month of the services are rendered in Malaysia, withholding tax should only be applicable on that portion of the service fee.

Amount subject to withholding tax

	RM'000
Trainer fee (1/2 x RM200,000)	<u>100</u>
15% withholding tax (Note)	<u>15</u>

Note:

Based on the latest Public Ruling issued by the IRB [on 'Withholding tax on special classes of income', PR 11 of 2018, Note to Example 15], there is no requirement for the amount subject to withholding tax to be re-grossed where the payer is to bear the withholding tax.

Both the lease rental of the specialised machinery as well as the trainer fee for the US specialist engineer should be allowed as tax deductions as they are incurred in the production of the company's manufacturing income. However, the withholding tax borne on behalf of the non-resident is not tax deductible.

Investment in foreign company

Interest paid to a non-resident is subject to withholding tax if the interest is deemed derived from Malaysia. Interest is deemed derived from Malaysia if the responsibility for payment of the interest lies with a resident and is payable in respect of money borrowed and employed in or laid out on assets used in or held for the production of any gross income derived in Malaysia or the debt in respect of which the interest is paid is secured by any property or asset situated in Malaysia.

In respect of the interest payment by GFSB to the Singapore bank, as the money borrowed is used to acquire a foreign investment, of which the income is not derived from Malaysia and the debt is not secured by any property or asset in Malaysia (in this case, a corporate guarantee was given by the UK sister company), the interest is not deemed derived from Malaysia. Hence, withholding tax is not applicable.

GFSB is also required to pay corporate guarantee fees to its sister manufacturing company, Great Blessing Limited (GBL) in the UK. As the corporate guarantee fee is not regarded as business income to GBL (manufacturing being its main business), the fee should be regarded as other profits or income for withholding tax purposes and subject to withholding tax at 10%.

Amount subject to withholding tax

	RM'000
Corporate guarantee fee	<u>300</u>
10% withholding tax	<u>30</u>

As the interest and corporate guarantee fee are incurred in respect of foreign investment, the income of which is not taxable in Malaysia, the expenses would not be tax deductible.

		<i>Marks</i>
1	BungaRaya Sdn Bhd (BRSB)	
(a)	Tax incentives	
(i)	Pioneer status (PS)	
	Eligibility, tax relief period, mechanism	1 + 1 + 1 3
(ii)	Investment tax allowance (ITA)	
	Eligibility, qualifying capital expenditure (QCE), mechanism	1 + 1 + 1 3
(iii)	Reinvestment allowance (RA)	
	Eligibility, QCE, mechanism	1 + 1 + 1 3
(iv)	Allowance for increased exports (AIE)	
	Eligibility, qualifying years of assessment (YAs), mechanism	1 + 1 + 1 3
		<u>12</u>
(b)	Tax savings	
	PS	0.5 + 1
	ITA	0.5 + 1
	RA	0.5 + 1
	AIE – Rate	0.5
	YAs 2021 to 2024	1 x 4 4
		<u>9</u>
(c)	Recommendations	
(i)	Recommendation: PS, reason	1 + 1
(ii)	Next best combination, reason	1 + 1 + 1 5
(d)	Group relief – over-claim	
	Provision explained	1
	On BRSB as claimant – additional assessment, amount	1 + 1
	On Orkid – penalty, right of appeal	1 + 1 5
		<u>5</u>
	Professional marks	
	Format and presentation of the letter	1
	Clarity and effectiveness of communication including logical flow	2
	Appropriate use of appendix	1
		<u>4</u>
		<u>35</u>

2 RichieRich Bhd (RRB)

(a) (i) Listed investment holding company: basis of taxation

Deemed separate business sources, deduction of common expenses and capital allowances (CAs), no carry forward
Genuine business normal treatment

0.5 + 0.5 + 0.5 + 0.5
1
3

(ii) Computation of tax chargeable for year of assessment 2019

Common expenses 0.5 x 8
Attribution of common expenses and CA
Interest
Lease rental income
Foreign dividend
Management fees
Computation of tax chargeable

4
2 + 1
1
1
1
1
1
12

(b) Group reorganisation exercise

(i) Service tax: out-of-pocket expenses, legal fees

1 + 2

3

(ii) Tax avoidance

3

(c) Retirement of chairman

Deductibility, reason

1.5

Retirement gratuity: taxable, why, when and how much

1 + 1.5

425

3 (a) Link City Sdn Bhd

(i) Change to 30 June – year of assessment (YA) 2020/2021

0.5 + 0.5

Change to 31 December – YA 2020/2021

0.5 + 0.5

Statutory income

Change to 30 June

2

Change to 31 December

2

6

(ii) Basis for 30 June

3

(iii) Notification of change of accounting period

Deadline to notify and basis

1 + 1

2

(iv) Consequence

Failure to notify

1

Tax instalments

2

3

(b) Anwar and Izzah

Basis of taxation

1 + 1

Partners' salaries

1 + 1

Profit distribution

0.5 + 0.5

Recommendation with analysis

2

Available

7

Maximum

620

	<i>Marks</i>
4 (a) (i) Banyak Mall Sdn Bhd	
Intra-group relief	2.5
Qualifying criteria to qualify for intra group relief (0.5 each)	1
No prior approval	1
No share consideration	1
Inland Revenue Board (IRB) is right to deny relief	1
Available	5.5
Maximum	5
 (ii) Filing of return	
Determine date of disposal	1
60 days	0.5
IRB is right to impose penalty	1
Available	2.5
Maximum	2
 (iii) RPGT computation	
Disposal price	2
Acquisition price	1.5
RPGT rate	0.5
	4
 (b) Great Faith Sdn Bhd	
Lease rental	
Applicable to both assets	1 + 1
10% rate	0.5
Trainer fee (only local services)	0.5 + 0.5
15% rate	0.5
No need to re-gross	1
Deductibility	0.5 + 0.5
Interest	
Not applicable with reasons	1 + 1
Corporate guarantee fee	1
10% rate	0.5
Deductibility	1
Available	10.5
Maximum	9
	20