

APPENDIX 1

INCREASING THE THRESHOLD OF CHARGEABLE INCOME FOR CORPORATE TAX OF SMALL AND MEDIUM SCALE COMPANIES

Present Position

Currently, companies with paid-up capital not exceeding RM2.5 million are subject to corporate tax rate of 20% for chargeable income up to RM100,000. The remaining chargeable income is subject to corporate tax of 28%. Dividends distributed are given tax credit of 28% in the hands of the shareholders.

Proposal

To further promote domestic investment by small and medium scale companies, it is proposed that the threshold for chargeable income with corporate tax rate of 20% be increased from RM100,000 to RM500,000. The corporate tax rate on the remaining chargeable income is maintained at 28%. Dividends distributed will be given a tax credit of 28% in the hands of the shareholders.

The proposal is effective from year of assessment 2004.

APPENDIX 2

ENHANCING TAX INCENTIVES FOR PROMOTED AREAS

Present Position

Currently, manufacturing, agriculture and tourism companies in the promoted areas i.e. eastern corridor of Peninsular Malaysia (covering Kelantan, Terengganu, Pahang and the Mersing district in Johore), Sarawak, Sabah and the Federal Territory of Labuan (for hotel and tourism industry only) are given the following tax incentives:

- i. Pioneer Status with tax exemption of 85% of statutory income for 5 years; or
- ii. Investment Tax Allowance of 80% of the qualifying capital expenditure incurred within a period of 5 years. The allowance can be used to set-off against 85% of statutory income in each year of assessment.

Proposal

To increase investment in the promoted areas, it is proposed that tax incentives be enhanced as follows:

- i. Pioneer Status with tax exemption of 100% of statutory income for a period of 5 years; or
- ii. Investment Tax Allowance of 100% of the qualifying capital expenditure incurred within a period of 5 years. The allowance can be used to set-off against 100% of statutory income in each year of assessment.

The proposal is effective for applications received by the Malaysian Industrial Development Authority (MIDA) from 13 September 2003. However, companies which have been granted approval for this incentive but have not commenced commercial production or applications under consideration are also eligible for the incentive.

APPENDIX 3

ADDITIONAL INCENTIVES FOR THE HEAVY MACHINERY INDUSTRY

Present Position

Currently, a company manufacturing heavy machinery such as cranes, quarry machinery, batching plant and port material handling equipment is given the following incentives:

- i. Pioneer Status with tax exemption of 70% (85% for promoted areas) of statutory income for a period of 5 years; or
- ii. Investment Tax Allowance of 60% (80% for promoted areas) on qualifying capital expenditure incurred within a period of 5 years. The allowance can be set-off against 70% (85% for promoted areas) of statutory income in each year of assessment.

Proposal

To further encourage existing locally owned companies to reinvest in the production of heavy machinery, it is proposed that the following incentives be given:

- i. Pioneer Status with tax exemption of 70% (100% for promoted areas) on **increased** statutory income arising from reinvestment for a period of 5 years; or

- ii. Investment Tax Allowance of 60% (100% for promoted areas) on **additional** qualifying capital expenditure incurred within a period of 5 years. The allowance can be set-off against 70% (100% for promoted areas) of statutory income in each year of assessment.

The proposal is effective for applications received by the Malaysian Industrial Development Authority (MIDA) from 13 September 2003.

APPENDIX 4

ADDITIONAL INCENTIVES FOR THE MACHINERY AND EQUIPMENT INDUSTRY

Present Position

Currently, a company manufacturing machinery and equipment is given the following incentives:

- A. Specialised machinery and equipment:
 - i. Pioneer Status with tax exemption of 100% of statutory income for a period of 10 years; or
 - ii. Investment Tax Allowance of 100% on the qualifying capital expenditure incurred within a period of 5 years. The allowance can be used to set-off against 100% of statutory income in each year of assessment.
- B. Machinery and equipment, other than specialised machinery and equipment:
 - i. Pioneer Status with tax exemption of 70% (85% for promoted areas) of statutory income for a period of 5 years; or
 - ii. Investment Tax Allowance of 60% (80% for promoted areas) on the qualifying capital expenditure incurred within a period of 5 years. The allowance can be used to set-off against 70% (85% for promoted areas) of statutory income in each year of assessment.

Proposal

To encourage existing locally owned companies to reinvest in the production of machinery and equipment, including specialised machinery and

equipment and machine tools, it is proposed that companies be given the following incentives:

- i. Pioneer Status with tax exemption of 70% (100% for promoted areas) on **increased** statutory income arising from reinvestment for a period of 5 years; or
- ii. Investment Tax Allowance of 60% (100% for promoted areas) on **additional** qualifying capital expenditure incurred within a period of 5 years. The allowance can be used to set-off against 70% (100% for promoted areas) of statutory income in each year of assessment.

The proposal is effective for applications received by the Malaysian Industrial Development Authority (MIDA) from 13 September 2003.

APPENDIX 5

ENHANCING INCENTIVES FOR UTILISATION OF OIL PALM BIOMASS

Present Position

Currently, companies utilising oil palm biomass to produce value added products are given the following incentives:

- i. Pioneer Status with tax exemption of 70% (85% for promoted areas) of statutory income for a period of 5 years; or
- ii. Investment Tax Allowance of 60% (80% for promoted areas) on qualifying capital expenditure incurred within a period of 5 years. The allowance can be used to set-off against 70% (85% for promoted areas) of statutory income in each year of assessment.

Proposal

To further encourage the utilisation of oil palm biomass to produce value added products such as particleboard, medium density fibreboard, plywood, pulp and paper, it is proposed that companies be given the following incentives:

A. New companies

- i. Pioneer Status with tax exemption of 100% of statutory income for a period of 10 years; or
- ii. Investment Tax Allowance of 100% on qualifying capital expenditure incurred within a period of 5 years. The

allowance can be used to set-off against 100% of statutory income in each year of assessment.

B. Existing companies that reinvest

- i. Pioneer Status with tax exemption of 100% on **increased** statutory income arising from reinvestment for a period of 10 years; or
- ii. Investment Tax Allowance of 100% on **additional** qualifying capital expenditure incurred within a period of 5 years. The allowance can be used to set-off against 100% of statutory income in each year of assessment.

Proposal (A) is effective for applications received by the Malaysian Industrial Development Authority (MIDA) from 13 September 2003. However, companies which have been granted approval for this incentive but have not commenced commercial production or applications under consideration are also eligible for the incentive.

Proposal (B) is effective for applications received by MIDA from 13 September 2003.

APPENDIX 6

**TAX EXEMPTION ON INCOME REMITTED BY
A PERSON OTHER THAN A COMPANY**

Present Position

Currently, income remitted from abroad by a non-resident individual is not subject to tax, while income remitted by a resident company and a unit trust is exempted from tax. However, income remitted to Malaysia by a resident individual, a trust body, a cooperative and a Hindu joint family is subject to tax.

Proposal

To enhance domestic investment, it is proposed that tax exemption on income remitted to Malaysia be extended to include income remitted by any other person such as a resident individual, a trust body, a cooperative and a Hindu joint family.

The proposal is effective from year of assessment 2004.

REVIEW OF INCENTIVES FOR VENTURE CAPITAL INDUSTRY

Present Position

Currently, tax incentives for the venture capital industry are as follows:

- i. income tax exemption for 10 years to a venture capital company (VCC) which invests at least 70% of its funds in venture companies (VCs) in the form of seed capital, start-up or early stage financing; or
- ii. income tax deduction for companies including VCC or individuals equivalent to the value of investment made in the VCs provided that the investment in the VCs is disposed only through the exit mechanism of an initial public offering (IPO) in a stock exchange.

A venture capital management company (VCMC) is a company that professionally manages venture capital funds. Its income is derived from:

- i. management fees; and
- ii. income arising from a profit-sharing agreement between a VCMC and a VCC.

Proposal

To attract more private investment in the venture capital industry, it is proposed that tax incentives for the industry be enhanced as follows:

- i. the method to determine the 70% investment requirement in VCs to qualify for tax exemption, be relaxed by taking into account only the value of fund invested and not the total gross fund which includes cash, fixed deposits and interest earned;
- ii. the condition that investment in VCs is disposed through the exit mechanism of an IPO to qualify for tax exemption be extended to include any exit mechanisms approved by the Securities Commission; and
- iii. VCMC be given tax exemption on income arising from profit-sharing agreement between a VCMC and a VCC.

The proposal is effective from year of assessment 2003.

APPENDIX 8

ENHANCING INCENTIVES FOR OPERATIONAL HEADQUARTERS

Present Position

Currently, an approved operational headquarters (OHQ) is granted full tax exemption for 10 years on statutory income arising from qualifying services provided to its related companies overseas. However, income arising from such services provided to its related companies in Malaysia is subject to income tax.

On the other hand, contrast, the 10-year income tax exemption given to Regional Distribution Centre (RDC) and International Procurement Centre (IPC) is also inclusive of income arising from local sales which should not exceed 20% of their total income.

Proposal

Since an OHQ is deemed to be in a similar category as RDC and IPC in respect of the provision of services, it is proposed that income from qualifying services provided by an OHQ to its related companies in Malaysia be given tax exemption provided that such income does not exceed 20% of the OHQ income from qualifying services.

The proposal is effective from the year of assessment 2003.

APPENDIX 9

INCENTIVE FOR LECTURERS PROVIDING SERVICES IN THE ACCREDITATION OF FRANCHISED EDUCATION PROGRAMMES

Present Position

Currently, fees or honorarium received by lecturers/experts for services provided for validation, moderation or accreditation of approved franchised education programmes is subject to income tax.

Proposal

To encourage lecturers/experts to provide services in the validation, moderation or accreditation process to ensure franchised education programmes are of the same quality as those of their franchisor institutions, it is proposed that fees or honorarium received by such lecturers/experts from the National Accreditation Board (LAN) be given income tax exemption.

The proposal is effective from year of assessment 2004.

**INCENTIVE FOR RESEARCHERS TO
COMMERCIALISE RESEARCH FINDINGS**

Present Position

Currently, income such as honorarium or royalty earned by researchers from commercialisation of their research findings is subject to tax.

Proposal

To encourage researchers to undertake research which focus on value creation, it is proposed that researchers be given 50% tax exemption on income such as honorarium or royalty received from the commercialisation of their research findings for 5 years from the date of such payment. Such undertaking has to be verified by the Ministry of Science, Technology and Environment.

The proposal is effective from year of assessment 2004.

**ADDITIONAL INCENTIVES FOR HOTELS
AND TOURISM PROJECTS**

Present Position

Currently, expansion, modernisation and renovation undertaken by hotel and tourism project operators are given the following incentives:

- i. Pioneer Status with tax exemption of 70% (85% for promoted areas) of statutory income for a period of 5 years; or
- ii. Investment Tax Allowance of 60% (80% for promoted areas) on qualifying capital expenditure incurred within a period of 5 years. The allowance can be used to set-off against 70% (85% for promoted areas) of statutory income in each year of assessment.

These incentives are given only once.

Proposal

To encourage hotel and tourism project operators to upgrade their facilities to remain competitive, it is proposed that investment in expansion, modernisation and renovation be given another round of the Pioneer Status

or Investment Tax Allowance. However, for hotels and tourism projects in promoted areas, the incentives are enhanced as follows:

- i. income tax exemption under the Pioneer Status be increased from 85% to 100%; or
- ii. Investment Tax Allowance be increased from 80% to 100%. The allowance to be set-off is increased from 85% to 100% of statutory income in each year of assessment.

The proposal is effective for applications received by the Malaysian Industrial Development Authority (MIDA) from 13 September 2003.

APPENDIX 12

REVIEW OF ROAD TAX ON MOTORCYCLES

Present Position

Currently, road tax on motorcycles is based on engine capacity as follows:

Engine Capacity	RM/Year	
	Peninsular Malaysia	Sarawak
Below 75 c.c.	50.00	12.00
75 – 100 c.c.	55.00	12.00
101 – 150 c.c.	65.00	24.00
151 – 200 c.c.	100.00	24.00
201 – 250 c.c.	150.00	36.00
251 – 500 c.c.	200.00	36.00 – 60.00
501 – 800 c.c.	300.00	60.00 – 90.00
801c.c. and above	400.00	> 96.00

However, in Sabah the road tax is only RM50.00 per year.

Proposal

To reduce the financial burden of low-income groups, youths and students in institutions of higher learning, it is proposed that motorcycles of engine capacity not exceeding 150 c.c. be exempted from road tax.

The proposal is effective from 1 January 2004.

REVIEW OF ROAD TAX ON BUS FOR WORKERS

Present Position

Currently, road tax on bus for workers is as follows:

A. Peninsular Malaysia

Petrol	Per Month	
a) not exceeding 2,000 c.c.	RM 1.50	Plus RM2.00 per passenger authorised to be carried in the vehicle.
b) exceeding 2,000 c.c.	RM 2.25	
Diesel		
a) not exceeding 1,500 c.c.	RM12.00	
b) exceeding 1,500 c.c. but not exceeding 2,500 c.c.	RM15.00	
c) exceeding 2,500 c.c. but not exceeding 3,500 c.c.	RM18.00	
d) exceeding 3,500 c.c.	RM33.00	

B. Sabah and Sarawak

RM25.00 per annum for each passenger seat.

Proposal

To reduce the cost of doing business, it is proposed that the road tax on bus for workers be reduced by 50%. As an example, with this reduction, road tax for a 45-seater bus with engine capacity 5,000 c.c. (diesel and petrol) is as follows:

Location	Engine Capacity 5,000 c.c. (Diesel)		Engine Capacity 5,000 c.c. (Petrol)	
	Current (RM)	Proposed (RM)	Current (RM)	Proposed (RM)
Peninsular Malaysia	1,476/yr	738/yr	1,107/yr	553/yr
Sabah & Sarawak	1,125/yr	562/yr	1,125/yr	562/yr

The proposal is effective from 1 January 2004.

**ADDITIONAL INCENTIVES FOR COMPANIES PROVIDING
COLD CHAIN FACILITIES AND SERVICES FOR
PERISHABLE AGRICULTURAL PRODUCE**

Present Position

Currently, locally owned companies providing cold chain facilities and services for perishable agricultural produce are given the following incentives:

- i. Pioneer Status with tax exemption of 70% (85% for promoted areas) of statutory income for a period of 5 years; or
- ii. Investment Tax Allowance of 60% (80% for promoted areas) on qualifying capital expenditure incurred within a period of 5 years. The allowance can be used to set-off against 70% (85% for promoted areas) of statutory income in each year of assessment.

The perishable agricultural produce that qualify for these incentives are fruits, vegetables, flowers, ferns, meat and aquatic products.

Proposal

To encourage reinvestment in cold chain facilities and services for perishable agricultural produce, it is proposed that existing locally owned companies be given the following incentives:

- i. Pioneer Status with tax exemption of 70% (100% for promoted areas) on **increased** statutory income arising from reinvestment for a period of 5 years; or
- ii. Investment Tax Allowance of 60% (100% for promoted areas) on **additional** qualifying capital expenditure incurred within a period of 5 years. The allowance can be set-off against 70% (100% for promoted areas) of statutory income in each year of assessment.

The proposal is effective for applications received by the Malaysian Industrial Development Authority (MIDA) from 13 September 2003.

APPENDIX 15

INCENTIVE FOR INVESTMENT IN *MERDEKA* BONDS

Present Position

Currently, interest income derived from investment in bonds is subject to income tax, except:

- i. securities or bonds issued or guaranteed by the Government; or
- ii. debentures other than convertible loan stocks approved by the Securities Commission; or
- iii. *Bon Simpanan Malaysia* issued by the Central Bank of Malaysia.

Proposal

The prevailing low interest rate has reduced the disposable income of senior citizens who depend on interest income from savings. The issuance of *Merdeka* Bonds will offer higher returns to sustain increasing cost of living.

To encourage investment in *Merdeka* Bonds, it is proposed that interest income derived from *Merdeka* Bonds be exempted from income tax.

The proposal is effective from the year of assessment 2004.

APPENDIX 16

TAX TREATMENT FOR ASSET-BACKED SECURITIES

Present Position

Currently, there is no comprehensive tax treatment for securitisation transactions that involve issuance of asset-backed securities. However, such securitisation transactions are given exemption from stamp duty and real property gains tax.

Asset-backed securities are issued arising from a securitisation transaction that enables the conversion of an illiquid asset into a tradable instrument. The asset has to be transferred from an originator to a special purpose vehicle (SPV) which is established to issue asset-backed securities. The 3 main categories of assets which could be used to issue asset-backed securities are as follows:

- i. sales of receivables that do not include the transfer of physical asset such as industrial building, plant and machinery and stock-in-trade;
- ii. sales of receivables that include the transfer of physical asset (underlying asset) such as industrial building, plant and machinery and stock-in-trade; and
- iii. sales of receivables which have been recognised as company's asset such as debts, loans, hire purchase and credit cards receivables.

There is income tax implication on securitisation transactions. Service tax is also imposed on the originator who provides asset management services to the SPV after the transfer of the asset.

Proposals

The issuance of asset-backed securities would stimulate the capital market and diversify sources of financing for economic development. In order to promote the development of the capital market, it is proposed:

- a. Tax treatment based on the principle of tax neutrality between asset-backed securities and other securities approved by the Securities Commission be provided as follows:
 - i. the originator is taxed on the proceeds from the sales of receivables that do not include the transfer of physical asset over the tenure of the securitisation transaction. The SPV is given deduction on expenses incurred to purchase the receivables over the tenure of the securitisation transaction;
 - ii. the originator is not taxed on the proceeds from the sales of receivables that include the transfer of fixed asset. The SPV is not allowed deduction on payments made to purchase these receivables;
 - iii. the originator is taxed on the proceeds from the sales of receivables accompanied by the transfer of trading stocks over the tenure of the securitisation transaction. If the originator has a call option on trading stocks, income tax will be imposed when the call option expires;
 - iv. balancing charge or balancing allowance on the asset which has been transferred by the originator is taxed or given an allowance over the tenure of the securitisation transaction;
 - v. capital allowance on the asset that has been transferred and lease-back is given to the originator of the asset based on the residual value for purposes of income tax (residual expenditure); and

- vi. payment for the asset management services rendered by the originator to the SPV be exempted from service tax from 1 January 2004.
- b. Deduction for purpose of income tax is given on expenses incurred to issue asset-backed securities for a period of 5 years.

This proposal is effective from the year of assessment 2003.

APPENDIX 17

TAX TREATMENT ON ISSUANCE OF ISLAMIC SECURITIES

Present Position

Currently, tax treatment on the issuance of Islamic securities is not comprehensive and it is considered on a case-by-case basis. The issuance of Islamic securities involves the pooling of designated assets that are Syariah compliant whereby the cash flows generated from these assets will be used to back the issuance of such securities for financing in the capital market.

The process of issuance of Islamic securities involves the execution of Islamic contracts such as leasing (*Ijarah*), sale and purchase (*Bar'*), profit sharing (*Mudharabah*) or partnership (*Musyarakah*). For instance, the issuance of Islamic securities based on leasing commence with the sale of assets by the party that needs financing to a special purpose vehicle (SPV). The SPV in turn leases the asset back to the said party for a specific period. The SPV will then use the asset or its income stream as the underlying asset to back the issuance of Islamic securities. Upon maturity of the Islamic securities, the leased asset will be purchased by the said party.

Each of the transactions under the Islamic contracts has tax implications and therefore, Islamic securities are unable to compete with conventional securities.

Proposal

As a measure to diversify sources of financing in the capital market, it is proposed that transactions relating to financing through the issuance of Islamic securities be given tax treatment as follows:

A. Income Tax Act 1967, and Promotion of Investments Act 1986

- i. the sale of asset by the party that needs financing to the SPV and the resale of the asset to the said party will not be deemed as sales for the purpose of income tax;

- ii. in cases involving the lease-back of the same asset by the SPV to the said party, the lease will not be deemed as sales under the Income Tax Leasing Regulations 1986;
- iii. the issuance of Islamic securities by the SPV will follow the same treatment as for the asset-backed securities;
- iv. financing transactions carried out by the SPV is given the same tax treatment as financing transactions carried out by any person under the Income Tax Act 1967; and
- v. the party that needs the financing continues to enjoy the tax incentives and allowances under the Income Tax Act 1967 or the Promotion of Investments Act 1986, provided that the said party is still in the business of the approved activity.

B. Real Property Gains Tax Act 1976

Gains from the disposal of Islamic securities, which are chargeable assets, by investors be exempted from real property gains tax.

C. Stamp Act 1949

Stamp duty is exempted on instrument of transfer of asset by the party that needs financing to the SPV for the purpose of lease back relating to financing through the issuance of Islamic securities.

D. Other Acts

The party that needs financing continues to enjoy tax exemptions under the Customs Act 1967, the Sales Tax Act 1972 and the Excise Act 1976, provided that the said party is still in the business of the approved activity.

To further promote the issuance of Islamic securities, it is proposed that deduction is given for 5 years on expenses incurred in the issuance of *Istisna'* securities where the real property asset under construction could be used to back the securities.

The proposal is effective from year of assessment 2003.

**TAX REBATE ON ZAKAT FOR
LABUAN OFFSHORE COMPANIES**

Present Position

Offshore companies in Labuan are subject to income tax of 3% of net profit or RM20,000 under the Labuan Offshore Business Activity Tax Act 1990 (LOBATA). In addition, these companies may also pay *zakat*. However, offshore companies in countries such as Bahrain and Brunei do not pay income tax but only pay *zakat* on their business income.

Proposal

To attract more offshore companies, especially those from Islamic countries to carry out offshore activities in Labuan, it is proposed that offshore companies in Labuan be given an income tax rebate equivalent to the amount of *zakat* paid to the Labuan religious authority, subject to a maximum of 3% of net profit or RM20,000.

The proposal is effective from year of assessment 2004.

TAX DEDUCTION ON ENTERTAINMENT EXPENSES

Present Position

Currently, entertainment expenses incurred in relation to business are not allowed as a deduction for the purpose of computing income tax except for a few promotional expenses.

Proposal

To reduce cost of doing business, it is proposed that:

- i. entertainment expenses incurred on sales promotions be given full deduction; and
- ii. other entertainment expenses in relation to business be given 50% deduction.

The proposal is effective from year of assessment 2004.

APPENDIX 20

TAX EXEMPTION SCHEME ON SPARES AND CONSUMABLES

Present Position

Currently, companies in the manufacturing and approved services sectors are given import duty and sales tax exemption on spares and consumables that are not produced locally, based on application. This exemption scheme is valid until 31 December 2003.

Proposal

To assist companies to reduce the cost of doing business, it is proposed that the exemption scheme for spares and consumables be extended indefinitely.

APPENDIX 21

REVIEW OF TAX DEDUCTION ON INCORPORATION EXPENSES

Present Position

Currently, a company with an authorised share capital not exceeding RM250,000 is given deduction on incorporation expenses such as registration fees and expenses incurred in the preparation of the memorandum of incorporation.

Proposal

To reduce the cost of doing business, it is proposed that tax deduction on incorporation expenses be extended to companies with authorised share capital not exceeding RM2.5 million.

The proposal is effective from year of assessment 2004.

APPENDIX 22

REVIEW OF ROAD TAX ON VEHICLES FOR THE PHYSICALLY DISABLED

Present Position

Currently, three-wheeled motorcycle for the disabled is subject to a token road tax of RM1, while cars and vans are subject to the normal road tax.

Proposal

In line with the social agenda to develop a caring society and to ease the financial burden of the physically disabled, it is proposed that road tax be exempted on cars, vans and motorcycles owned by the disabled subject to the following conditions:

- i. cars, vans and motorcycles are manufactured locally;
- ii. the applicant is registered with the Social Welfare Department;
- iii. the applicant possesses a valid driving license;
- iv. the vehicle is registered under the name of the applicant; and
- v. exemption is only given for one vehicle at any one time.

The proposal is effective from 1 January 2004.

APPENDIX 23

INCENTIVES FOR PROPERTY TRUST FUNDS AND REAL ESTATE INVESTMENT TRUSTS

Current Position

Property Trust Funds (PTF) and Real Estate Investment Trusts (REITs) mobilise funds of small investors to enable them to invest in real property. These funds are managed by professionals to generate better returns.

Currently, gains from disposal of real properties are subject to Real Property Gains Tax (RPGT). The rates are as follows:

Disposal (from date of acquisition)	Citizen or permanent resident (%)	Non-citizen or non-permanent resident (%)	Company (%)
Within 2 years	30	30	30
In the third year	20	30	20
In the fourth year	15	30	15
In the fifth year	5	30	5
In the sixth year and thereafter	0	5	5

Instruments of transfer of real properties from individuals or companies to any parties including PTFs and REITs are subject to stamp duty. The rates of stamp duty are as follows:

- i. 1% on the first RM100,000;
- ii. 2% on the next RM400,000; and
- iii. 3% on the remaining amount.

Proposal

To promote the development of PTFs and REITs, it is proposed that:

- i. gains from disposal of real property by individuals or companies to PTFs and REITs be exempted from RPGT; and
- ii. instruments of transfer of real property from individuals or companies to PTFs and REITs be exempted from stamp duty.

The proposal is effective from 13 September 2003.

APPENDIX 24

TAX DEDUCTION ON CONTRIBUTION TO SPONSOR ARTS AND CULTURAL PERFORMANCES

Present Position

Currently, expenditure up to RM200,000 incurred by the private sector to sponsor approved local and foreign performances in the field of arts and culture is allowed as a tax deduction. For a foreign performance, the deduction is given only if such performance is staged in Malaysia.

Proposal

To further encourage sponsorship of approved performances by local artistes in the field of arts and culture, it is proposed that tax deduction on expenditure incurred be increased to RM300,000, provided that the additional RM100,000 is used to sponsor performance by local artistes.

The proposal is effective from year of assessment 2004.

REVIEW OF CHILD RELIEF

Present Position

Currently, a tax relief of RM800 for each child under the age of 18 years is given to individual taxpayers. For a child 18 years and above and studying at a local institution of higher learning, the taxpayer is eligible for a relief of RM3,200 for each child (i.e. 4 times the normal relief of RM800).

Proposal

To assist taxpayers to meet the rising cost of educating and bringing up children, it is proposed that child relief be increased to RM1,000. With this increase, the taxpayer is eligible for a relief of RM4,000 for each child who is 18 years and above and studying at a local institution of higher learning.

The proposal is effective from year of assessment 2004.

INCENTIVE FOR EMPLOYERS TO HIRE UNEMPLOYED GRADUATES

Present Position

Currently, salaries paid by an employer to its employees are given income tax deduction.

Proposal

To encourage employers to hire unemployed graduates who are registered with the Economic Planning Unit, it is proposed that double deduction be given for 2 years on salaries paid by an employer that hires such graduates.

The proposal is effective from year of assessment 2004.

APPENDIX 27

REVIEW OF TAX ON CIGARETTES AND LIQUOR

Present Position

Currently, tax structure on cigarettes and liquor is as follows:

	Import Duty (RM)	Excise Duty (RM)	Sales Tax (%)
Cigarettes	216.00 per kg	48.00 per kg	25
Liquor	17.00 – 587.00 per dal	0.40 - 44.04 per dal	20

Proposal

To promote a healthy life style and to curb social ills due to addiction to smoking and drinking, it is proposed that the import and excise duties on cigarettes and liquor be increased as in Appendix A.

The proposal is effective from 4.00 pm 12 September 2003.

APPENDIX 28

REVIEW OF IMPORT DUTY ON SELECTED GOODS

Present Position

Import duty on certain goods in the same category are not harmonised. Examples of such goods are food supplements, plastic products, intermediate products of plastics and wood, solid tyres and batteries for computer notebooks.

Proposal

For purpose of harmonisation, it is proposed that import duty on 104 tariff items be reduced while import duty on 7 items be abolished.

The items that are subject to import duty reduction or abolishment are listed in Appendix B.

The proposal is effective from 4.00 pm on 12 September 2003.

REVIEW OF EXPORT DUTY

Present Position

Currently, certain unprocessed agricultural produce, food products, minerals and construction materials are subject to export duty of 2.5%, 5% or 10%.

Proposal

To ensure that local products are competitive in the export market, it is proposed that export duty on products listed in Appendix C be reduced or abolished.

The proposal is effective from 4.00 p.m. on 12 September 2003.

Appendix A

REVIEW OF TAX ON CIGARETTES AND LIQUOR

CIGARETTES

Import Duty

TARIFF CODE	DESCRIPTION	CURRENT RATE (RM)	PROPOSED RATE (RM)
2402.10 000	- Cigars, cheroots and cigarillos, containing tobacco	216.00/kg	259.00/kg
2402.20 900	- Cigarettes containing tobacco: Other	216.00/kg	259.00/kg
2402.90 100	- Other: Cigars, cheroots and cigarillos containing tobacco substitutes	216.00/kg	259.00/kg
2402.90 200	Cigarettes containing tobacco substitutes	216.00/kg	259.00/kg

Excise Duty

TARIFF CODE	DESCRIPTION	CURRENT RATE (RM)	PROPOSED RATE (RM)
2402. 20 900	- Cigarettes containing tobacco: Other	48.00/kg	58.00/kg

LIQUOR

Import Duty

TARIFF CODE	DESCRIPTION	CURRENT RATE (RM)	PROPOSED RATE (RM)
2203.00 100	Beer made from malt: Not exceeding 5.8% vol	89.00 per dal	98.00 per dal
2203.00 900	Other	89.00 per dal	98.00 per dal
2204.10 000	Sparkling wine	425.00 per dal	468.00 per dal
2204.21 100	-- In containers holding 2 litre or less: Wine	120.00 per dal	132.00 per dal
2204.21 200	Grape must with fermentation prevented or arrested by the addition of alcohol	113.00 per 100% vol/litre	124.00 per 100% vol/litre
2204.29 100	- - Other Wine	120.00 per dal	132.00 per dal
2204.29 200	Grape must with fermentation prevented or arrested by the addition of alcohol	125.00 per 100% vol/litre	138.00 per 100% vol/litre
2204.30 000	Other grape must	112.00 per 100% vol/litre	123.00 per 100% vol/litre

TARIFF CODE	DESCRIPTION	CURRENT RATE (RM)	PROPOSED RATE (RM)
2205.10	Vermoth and other wine of fresh grapes flavoured with plants or aromatic substances.		
2205.10 000	- In containers holding 2 litres or less	120.00 per dal	132.00 per dal
2205.90 000	- Other	120.00 per dal	132.00 per dal
2206.00	Other fermented beverages (for example, cider, perry, mead); mixtures of fermented beverages and mixtures of fermented beverages and non alcoholic beverages, not elsewhere specified or included.		
100	Cider and perry	66.00 per dal	73.00 per dal
200	Rice wine (including sake and medicated rice wine)	36.00 per 100% vol/litre	40.00 per 100% vol/litre
300	Mead	118.00 per 100% vol/litre	130.00 per 100% vol/litre
400	Wines obtained by the fermentation of fruit juices, other than juice of fresh grapes or of vegetable juices	112.00 per 100% vol/litre	123.00 per 100% vol/litre
910	Other: toddy, bottled or canned	112.00 per 100% vol/litre	123.00 per 100% vol/litre
990	other	112.00 per 100% vol/litre	123.00 per 100% vol/litre
2207.10 000	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher	67.00 per 100% vol/litre	74.00 per 100% vol/litre
2207.20	- Ethyl alcohol and other spirits, denatured, of any strength:		
100	Ethyl alcohol, denatured to the satisfaction of Director General of Customs	17.00 per dal	19.00 per dal
900	Other	20.00 per dal	22.00 per dal
2208.20	- Spirits obtained by distilling grape wine or grape marc:		
100	Brandy	587.00 per dal	646.00 per dal
900	Other	587.00 per dal	646.00 per dal
2208.30 000	- Whiskies	564.00 per dal	620.00 per dal
2208.40 000	- Rum and tafia	556.00 per dal	612.00 per dal
2208.50 000	- Gin and Geneva	558.00 per dal	614.00 per dal
2208.60 000	- Vodka	553.00 per dal	608.00 per dal
2208.70	Liqueurs and cordials:		
100	Liqueurs and similar beverages not exceeding 57% vol	98.00% per 100% vol/litre	108.00 per 100% vol/litre
900	Other	72.00 per 100% vol/litre	79.00 per 100% vol/litre
2208.90	- Other:		
100	Samsu (including medicated samsu)	37.00 per 100% vol/litre	41.00 per 100% vol/litre
200	Arrack & pineapple spirit	37.00 per 100% vol/litre	41.00 per 100% vol/litre
300	Bitters	98.00 per 100% vol/litre	108.00 per 100% vol/litre

TARIFF CODE	DESCRIPTION	CURRENT RATE (RM)	PROPOSED RATE (RM)
910	Other spirituous beverages: Exceeding 0.5% vol but not exceeding 1.14% vol	114% or RM2.76 w.i.t.h.	125.00 or RM3.00 w.i.t.h.
990	Other	72.00 per 100% vol/litre	79.00 per 100% vol/litre

Excise Duty

TARIFF CODE	DESCRIPTION	CURRENT RATE (RM)	PROPOSED RATE (RM)
2203.00	Beer made from malt:	43.20 per dal	47.50 per dal
100	Not exceeding 5.8% vol		
900	Other	44.40 per dal	48.80 per dal
2206.00	Other fermented beverages (for example, cider, perry, mead): mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included.	13.20 per 100% vol/litre	14.50 per 100% vol/litre
100	Cider and perry		
200	Rice wine (including sake and medicated rice wine)	13.20 per 100% vol/litre	14.50 per 100% vol/litre
300	Mead	13.20 per 100% vol/litre	14.50 per 100% vol/litre
400	Wine obtained by the fermentation of fruit juices, other than juice of fresh grapes or of vegetables juices	13.20 per 100% vol/litre	14.50 per 100% vol/litre
910	Other: toddy, bottle or canned	48 sen per litre	53 sen per litre
990	other	13.20 per 100% vol/litre	14.50 per 100% vol/litre
2207.10000	- Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher	13.20 per 100% vol/litre	14.50 per 100% vol/litre
2208.20	Spirits obtained by distilling grape wine or grape marc:	13.20 per 100% vol/litre	14.50 per 100% vol/litre
100	Brandy		
900	Other	13.20 per 100% vol/litre	14.50 per 100% vol/litre
2208.30000	- Whiskies	13.20 per 100% vol/litre	14.50 per 100% vol/litre
2208.40000	- Rum and tufia	13.20 per 100% vol/litre	14.50 per 100% vol/litre
2208.50000	- Gin and Geneva	13.20 per 100% vol/litre	14.50 per 100% vol/litre
2208.60000	- Vodka	13.20 per 100% vol/litre	14.50 per 100% vol/litre
2208.70	Liquers and cordials:		
100	Liquers and similar beverages not exceeding 57% vol.	13.20 per 100% vol/litre	14.50 per 100% vol/litre

TARIFF CODE	DESCRIPTION	CURRENT RATE (RM)	PROPOSED RATE (RM)
2208. 70 900	Other	13.20 per 100% vol/litre	14.50 per 100% vol/litre
2208. 90	- Other		
100	Samsu (including medicated samsu)	13.20 per 100% vol/litre	14.50 per 100% vol/litre
200	Arrack & pineapple spirit	13.20 per 100% vol/litre	14.50 per 100% vol/litre
300	Bitters	13.20 per 100% vol/litre	14.50 per 100% vol/litre
910	Other spirituous beverages: exceeding 0.5% vol (0.88% proof spirit) but not exceeding 1.14% vol. (2% proof spirit)		
990	other	4 sen per litre 13.20 per 100% vol/litre	4.4 sen per litre 14.50 per 100% vol/litre

Appendix B

REVIEW OF IMPORT DUTY ON SELECTED GOODS

TARIFF CODE	DESCRIPTION	CURRENT RATES (%)	PROPOSED RATES (%)
2106.90 800 39.16	Food supplements Monofilament of which any cross-sectional dimension exceeds 1 mm, rods, sticks and profile shapes, whether or not surface-worked but not otherwise worked, of plastic.	10	0
3916.20 000 3916.90	- Of polymers of vinyl chloride - Of other plastics:	25	20
	100 Of other addition polymerisation products	25	20
	300 Of regenerated cellulose; cellulose nitrate, cellulose acetate and other cellulose esters, cellulose ethers and other chemical derivatives of cellulose, plasticised	25	20
39.17	Tubes, pipes and hoses, and fittings there of (for example, joints, elbows, flangers), of plastics.		
3917.10 200	of cellulosic materials	25	20
	- Tubes, pipes and hoses, rigid:		
3917.23 000	- - Of polymers or vinyl chloride	25	20
3917.29	- - Of other plastic:		
	100 Of other addition polymerisation products	25	20
	of phenolic resins:		
	211 further worked than merely surface worked	25	20
	221 of amino resins:		
	further worked than merely surface worked	25	20
	290 other	25	20
	300 Of cellulose nitrate, cellulose acetates and other chemical derivatives of cellulose, plasticised	25	20
	410 Of vulcanized fibre:		
	further worked than merely surface worked	25	20
	Of hardened proteins:		
	510 further worked than merely surface worked	25	20
	Of chemical derivatives of natural rubber:		
	610 further worked than merely surface worked	25	20
	Other:		
	910 further worked than merely surface worked	25	20
	- Other tubes, pipes and hoses		
3917.31	- - Flexible tubes, pipes and hoses, having a minimum burst pressure of 27.6 MPa:		
	100 Of other addition polymerisation products	25	20
	Of phenolic resins:		
	211 further worked than merely surface worked	25	20
	of amino-resins		
	221 further worked than merely surface worked	25	20
	290 other	25	20
	300 Of cellulose nitrate, cellulose acetates and other chemical derivatives of cellulose, plasticised	25	20
	410 Of vulcanized fibre:		
	further worked than merely surface worked	25	20
	Of chemical derivatives of natural rubber:		
	510 further worked than merely surface worked	25	20

TARIFF CODE	DESCRIPTION	CURRENT RATES (%)	PROPOSED RATES (%)
3917.32	910 Other: further worked than merely surface worked	25	20
	-- Other, not reinforced or otherwise combined with other materials, without fittings:		
	100 Of addition polymerisation products	25	20
	Of phenolic resins:		
	211 - further worked than merely surface worked	25	20
	of amino-resins:		
	221 further worked than merely surface worked	25	20
	290 other	25	20
	300 Of cellulose nitrate, cellulose acetates and other chemical derivatives of cellulose, plasticised	25	20
	Of vulcanised fibre:		
410 further worked than merely surface worked	25	20	
Of chemical derivatives of natural rubber:			
510 further worked than merely surface worked	25	20	
3917.33	910 Other: further worked than merely surface worked	25	20
	000 -- Other, not reinforced or otherwise combined with other materials, with fittings	25	20
3917.39	-- Other:		
	100 Of addition polymerisation products	25	20
	of phenolic resins:		
	211 further worked than merely surface worked	25	20
	Of amino resins:		
	221 further worked than merely surface worked	25	20
	290 other	25	20
	Of vulcanised fibre:		
	410 further worked than merely surface worked	25	20
	Of chemical derivatives of natural rubber:		
510 further worked than merely surface worked	25	20	
3917.40	910 Other: further worked than merely surface worked	25	20
	000 - Fittings	30	20
39.19	Self-adhesive, plates, film, foil, tape, strip and other flat shapes, of plastics, whether or not in rolls		
3919.10	190 Self adhesive tape: other	30	20
	919 Other		
	Of addition polymerization products: other	25	20
3919.90	920 of condensation or rearrangement polymerisation products	30	20
	Other:		
	919 of addition polymerisation products: other	25	20
	920 of condensation or rearrangement polymerisation products	25	20
	930 of cellulose nitrate, cellulose acetates or other chemical derivatives of cellulose, plasticised	25	20

TARIFF CODE	DESCRIPTION	CURRENT RATES (%)	PROPOSED RATES (%)
39.20	Other plates, sheets, film, foil and strip, of plastics, non-cellular and not reinforced, laminated, supported or similarly combined with other materials.		
3920.10 110	Plates and sheets of polymers of ethylene: rigid products	30	20
3920.30 110	Plates and sheets of polymers of styrene: rigid products	30	20
190	other	25	20
3920.51	Plates and sheets of poly (methyl methacrylate):		
110	rigid products	30	20
190	other	25	20
900	Other	25	20
3920.59 110	Other plates and sheets: rigid products	30	20
190	other plates and sheets	25	20
900	Other	25	20
3920.61	Of Polycarbonates:		
900	Other	25	20
3920.62	Of poly (ethylene terephthalate)		
900	Other	25	20
3920.63	Of unsaturated polyester:		
900	Other	25	20
3920.71	-- Of regenerated cellulose:		
190	other	25	20
900	Other	25	20
3920.91	O polyvinyl butyral:		
110	Plates and sheets: rigid products	30	20
190	other plates and sheets	25	20
900	Other	25	20
3920.92 190	other plates and sheets of polyamides	25	20
900	Other	25	20
3920.93 190	other plates and sheets of amino-resins	25	20
900	Other	25	20
3920.94 190	other plates and sheets of phenolic resins	25	20
900	Other	25	20
3920.99 111	Of other addition polymerization products: Plates and sheets:		
	rigid products	30	20
112	tiles	30	20
119	other	25	20
190	other	25	20
211	Of other condensation or rearrangement polymerisation products: plates and sheets:		
	tiles	30	20
219	other	25	20
290	other	25	20
39.21	Other plates, sheets, film, foil and strip of plastics		
3921.11 910	-- Of polymers of styrene: Other:		
	non-rigid blocks	30	20
3921.13 200	-- polyurethanes: Film	30	20

TARIFF CODE	DESCRIPTION	CURRENT RATES (%)	PROPOSED RATES (%)
910	Other: non-rigid blocks	30	20
990	other	30	20
3921.14 100	-- Of regenerated cellulose: Plates and sheets	30	20
3921.19 199	-- Of other plastics: other	30	20
211	plates and sheets: non-rigid products	30	20
219	other	30	20
220	film	30	20
311	Of other cellulose or its chemical derivatives: plates and sheets: non-rigid products	30	20
3921.90 240	Of other condensation or rearrangement polymeration products: film	30	20
291	of phenolic resins: textile laminated strips	30	20
293	of amino resins: textile laminated strips	30	20
295	other: textile laminated strip	30	20
39.22	Baths, shower-baths, sinks, wash-basins, bidets, lavatory pans, seats and covers, flushing cisterns and similar sanitary ware, of plastics		
3922.10 100	- Baths, shower-baths, sinks and wash-basins: Long baths	30	20
39.24	Tableware, kitchenware, other household articles and toilet articles, of plastics.		
3924.10 000	-Tableware and kitchenware	30	20
3924.90 900	Other	30	20
39.26	Other articles of plastics and articles of other materials of headings Nos. 39.01 to 39.14		
3926.10 000	- Office or school supplies	30	20
3926.20 000	- Articles of apparel and clothing accessories (including gloves)	30	20
3926.90 190	other article of non-rigid cellular products	30	20
920	Other Protective masks and similar articles for use in welding and similar work	25	20
930	Articles of rectangular shape	25	20
40.12	Retreated or used pneumatic tyres or rubber; solid or cushion tyres, tyre treads and tyre flaps, of rubber		
4012.90	- Other: Solid tyres:		
131	for use on straddle carries of subheading 8426.12 100	30 or RM1.20 w.i.t.h. / kg	30
132	for use on works trucks of subheading 8426.41 100	30 or RM1.20 w.i.t.h. / kg	30
133	for use on self-propelled trucks, powered by an electric motor, of heading 8427.10 000	30 or RM1.20 w.i.t.h. / kg	30

TARIFF CODE	DESCRIPTION	CURRENT RATES (%)	PROPOSED RATES (%)
134	for use on self-propelled trucks of subheading 8427.20 000 other than those of subheading 8427.10 000	30 or RM1.20 w.i.t.h. / kg	30
135	for use on vehicles of heading 87.09	30 or RM1.20 w.i.t.h. / kg	30
44.08	Sheets for veneering (including those obtained by slicing laminated wood), for plywood or for other similar laminated wood and other wood, sawn lengthwise, sliced or peeled, whether or not planed, sanded, spliced or end-jointed, of a thickness not exceeding 6 mm		
4408.10 900	Other	20	0
4408.31	-- Dark Red Meranti, Light Meranti and Meranti Bakau:		
900	Other	20	0
4408.39	-- Other:		
900	Other	20	0
4408.90	- Other:		
900	Other	20	0
4820.20 000	- Exercise books	20	15
84.22	Dish washing machines; machinery for cleaning or drying bottles or other containers; machinery for filling, closing, sealing or labeling bottles, cans, boxes, bags or other containers; machinery for capsuling bottles, jars, tubes and similar containers; other packing or wrapping machinery (including heat-shrink wrapping machinery), machinery for aerating beverages.		
8422.90	- Parts		
100	For subheading No. 8422.11 100	25	20
85.06	Primary cells and primary batteries		
8506.50 000	- Lithium (battery for computer notebooks) *	5	0
8506.80 000	- Other primary cells and primary batteries (battery for computer notebooks) *	5	0

* These products are also exempted from sales tax

Appendix C

REVIEW OF EXPORT DUTY

TARIFF CODE	DESCRIPTION	CURRENT RATE (%)	PROPOSED RATE (%)
03.01	Live fish		
	- Other live fish:		
0301.91	-- Trout (<i>Salmo trutta</i> , <i>Oncorhynchus mykiss</i> , <i>Oncorhynchus clarki</i> , <i>Oncorhynchus aguabonita</i> , <i>Oncorhynchus gilae</i> , <i>Oncorhynchus apache</i> and <i>Oncorhynchus chrysogaster</i>):		
100	Fry	5	0
900	Other	5	0
0301.92	-- Eels (<i>anguilla</i> spp.):		
100	Fry	5	0
900	Other	5	0
03.02	Fish, fresh or chilled, excluding fish fillets and other fish meat of heading No. 03.04		
	- Salmonidae, excluding livers and roes:		
0302.11 000	-- Trout (<i>Salmo trutta</i> , <i>Oncorhynchus mykiss</i> , <i>Oncorhynchus clarki</i> , <i>Oncorhynchus aguabonita</i> , <i>Oncorhynchus gilae</i> , <i>Oncorhynchus apache</i> and <i>Oncorhynchus chrysogaster</i>)	5	0
0302.12 000	-- Pacific salmon (<i>Oncorhynchus nerka</i> , <i>Oncorhynchus gorbuscha</i> , <i>Oncorhynchus keta</i> , <i>Oncorhynchus tshawytscha</i> , <i>Oncorhynchus kisutch</i> , <i>Oncorhynchus masou</i> , and <i>Oncorhynchus rhodurus</i>), Atlantic salmon (<i>Salmo salar</i>) and Danube salmon (<i>Hucho hucho</i>)	5	0
0302.19 000	-- Other	5	0
	- Flat fish (<i>Pleuronectidae</i> , <i>Bothidae</i> , <i>Cynoglossidae</i> , <i>Soleidae</i> , <i>Scophthalmidae</i> and <i>Citharide</i>), excluding livers and roes:		
0302.21 000	-- Halibut (<i>Reinhardtius hippoglossoides</i> , <i>Hippoglossus hippoglossus</i> , <i>Hippoglossus stenolepis</i>)	5	0
0302.22 000	-- Plaice (<i>Pleuronectes platessa</i>)	5	0
0302.23 000	-- Sole (<i>Solea</i> spp)	5	0
0302.29 000	-- Other	5	0
	- Tunas (of the genus <i>Thunnus</i>), skipjack or stripe-bellied bonito (<i>Euthynnus (Katsuwonus) pelamis</i>), excluding livers and roes:		
0302.31 000	-- Albacore or longfinned tunas (<i>Thunnus alalunga</i>)	5	0
0302.32 000	-- Yellowfin tunas (<i>Thunnus albacares</i>)	5	0
0302.33 000	-- Skipjack or stripe-bellied bonito	5	0
0302.34 000	-- Bigeye tunas (<i>Thunnus obesus</i>)	5	0
0302.35 000	-- Bluefin tunas (<i>Thunnus thynnus</i>)	5	0
0302.36 000	-- Southern bluefin tunas (<i>Thunnus maccoyii</i>)	5	0
0302.39 000	-- Other	5	0

TARIFF CODE	DESCRIPTION	CURRENT RATE (%)	PROPOSED RATE (%)
0302.40 000	- Herrings (<i>Clupea harengus</i> , <i>Clupea pallasii</i>), excluding livers and roes:	5	0
0302.50 000	- Cod (<i>Gadus morhua</i> , <i>Gadus ogac</i> , <i>Gadus macrocephalus</i>), excluding livers and roes	5	0
	- Other fish, excluding livers and roes:		
0302.61 000	-- Sardines (<i>Sardina pilchardus</i> , <i>Sardinops</i> spp.), sardinella (<i>Sardinella</i> spp.) brisling or sprats (<i>Sprattus sprattus</i>)	5	0
0302.62 000	-- Haddock (<i>Melanogrammus aeglefinus</i>)	5	0
0302.63 000	-- Coalfish (<i>Pollachius virens</i>)	5	0
0302.64 000	-- Mackerel (<i>Scomber scombrus</i> , <i>scomber australasicus</i> , <i>Scomber japonicus</i>)	5	0
0302.65 000	-- Dogfish and other sharks	5	0
0302.66 000	-- Eels (<i>Anguilla</i> spp.)	5	0
0302.69 000	-- Other	5	0
0302.70 000	- Livers and roes	5	0
03.03	Fish, frozen, excluding fish fillets and other fish meat of heading No. 03.04		
	- Pacific salmon (<i>oncorhynchus nerka</i> , <i>Oncorhynchus gorbuscha</i> , <i>Oncorhynchus keta</i> , <i>Oncorhynchus tschawytscha</i> , <i>oncorhynchus kisutch</i> , <i>Oncorhynchus masou</i> and <i>Oncorhynchus rhodurus</i>), excluding livers and roes:		
0303.11 000	-- Sockeye salmon (red salmon) <i>Oncorhynchus nerka</i>)	5	0
0303.19 000	-- Other	5	0
	- Other salmonidae, excluding livers and roes:		
0303.21 000	-- Trout (<i>Salmo trutta</i> , <i>Oncorhynchus mykiss</i> , <i>Oncorhynchus clarki</i> , <i>Oncorhynchus aguabonita</i> , <i>Oncorhynchus gilae</i> , <i>Oncorhynchus apache</i> and <i>Oncorhynchus chrysogaster</i>)	5	0
0303.22 000	-- Atlantic salmon (<i>Salmo salar</i>) and Danube salmon (<i>Hucho hucho</i>)	5	0
0303.29 000	-- Other	5	0
	- Flat fish (<i>Pleuronectidae</i> , <i>Bothidae</i> , <i>Cynoglossidae</i> , <i>Soleidae</i> , <i>Scophthalmidae</i> and <i>Citharide</i>), excluding livers and roes:		
0303.31 000	-- Halibut (<i>Reinhardtius hippoglossoides</i> , <i>Hippoglossus hippoglossus</i> , <i>Hippoglossus stenolepis</i>)	5	0
0303.32 000	-- Plaice (<i>Pleuronectes platessa</i>)	5	0
0303.33 000	-- Sole (<i>Solea</i> spp.)	5	0
0303.39 000	-- Other	5	0
	- Tunas (of the genus <i>Thunnus</i>), skipjack or stripe-bellied bonito (<i>Euthynnus (Katsuwonus) pelamis</i>), excluding livers and roes:		
0303.41 000	-- Albacore or longfinned (<i>Thunnus alalunga</i>)	5	0
0303.42 000	-- Yellowfin tunas (<i>Thunnus albacares</i>)	5	0
0303.43 000	-- Skipjack or stripe-bellied bonito	5	0

TARIFF CODE	DESCRIPTION	CURRENT RATE (%)	PROPOSED RATE (%)
0303.44 000	-- Bigeye tunas (Thunnus obesus)	5	0
0303.45 000	-- Bluefin tunas (Thunnus thynnus)	5	0
0303.46 000	-- Southern bluefin tunas (Thunnus maccoyii)	5	0
0303.49 000	-- Other	5	0
0303.50 000	- Herrings (Clupea harengus, Clupea pallasii), excluding livers and roes	5	0
0303.60 000	- Cod (Gadus morhua, Gadus ogac, Gadus macrocephalus), excluding livers and roes	5	0
	- Other fish, excluding livers and roes:		
0303.71 000	-- Sardines (Sardina pilchardus, Sardinops spp.), Sardinops (Sardinella spp.), brisling or sparts (Sprattus sprattus)	5	0
0303.72 000	-- Haddock (Melanogrammus aeglefinus)	5	0
0303.73 000	-- Coalfish (Pollachius virens)	5	0
0303.74 000	-- Mackerel (Scomber scombrus, Scomber australasicus, Scomber japonicus)	5	0
0303.75 000	-- Dogfish and other sharks	5	0
0303.76 000	-- Eels (Anguilla spp)	5	0
0303.77 000	-- Sea bass (Dicentrarchus labrax, Dicentrarchus punctatus)	5	0
0303.78 000	-- Hake (Merluccius, Urophycis spp.)	5	0
0303.79 000	-- Other	5	0
0303.80 000	- Livers and roes	5	0
03.04	Fish fillets and other fish meat (whether or not minced), fresh, chilled or frozen		
0304.10 000	- Fresh or chilled	5	0
0304.20 000	- Frozen fillets	5	0
0304.90 000	- Other	5	0
03.05	Fish, dried, salted or in brine; smoked fish, whether or not cooked before or during the smoking process, flours, meals and pellets of fish, fit for human consumption.		
0305.10 000	- Flour, meals and pellets of fish, fit for human consumption	5	0
0305.20	- Livers and roes of fish, dried, smoked, salted or in brine:		
100	Of cod	5	0
	Of salmon:		
210	smoked	5	0
220	dried, salted or in brine	5	0
	Of other marine fish:		
310	smoked	5	0
320	dried, salted or in brine	5	0
	Of freshwater fish:		
410	smoked	5	0
420	dried, salted or in brine	5	0
0305.30	- Fish fillets, dried, salted or in brine, but not smoked:		
100	Of marine fish	5	0

TARIFF CODE	DESCRIPTION	CURRENT RATE (%)	PROPOSED RATE (%)
200	Of freshwater fish	5	0
0305.41 000	- Smoked fish, including fillets: -- Pacific salmon (<i>Oncorhynchus nerka</i> , <i>Oncorhynchus gosbuscha</i> , <i>Oncorhynchus keta</i> , <i>Oncorhynchus tshawytscha</i> , <i>Oncorhynchus kisuth</i> , <i>Oncorhynchus masou</i> and <i>Oncorhynchus rhodurus</i>), Atlanta salmon (<i>Salmo salar</i>) and Danube salmon (<i>Hucho hucho</i>)	5	0
0305.42 000	-- Herrings (<i>Clupea harengus</i> , <i>Clupea pallasii</i>)	5	0
0305.49 000	-- Other	5	0
0305.51 000	- Dried fish, whether or not salted but not smoked -- Cod (<i>Gadus morhua</i> , <i>Gadus ogac</i> , <i>Gadus macrocephalus</i>)	5	0
0305.59	-- Other:		
200	Fishmaws	5	0
300	Shark's fins	5	0
	Other:		
910	marine	5	0
920	freshwater	5	0
	- Fish, salted but not dried or smoked and fish in brine:		
0305.61 000	-- Herrings (<i>Clupea harengus</i> , <i>Clupea pallasii</i>)	5	0
0305.62 000	-- Cod (<i>Gadus morhua</i> , <i>Gadus ogac</i> , <i>Gadus macrocephalus</i>)	5	0
0305.69	-- Other:		
100	Fishmaws	5	0
200	Shark's fins	5	0
	Other:		
910	marine	5	0
920	freshwater	5	0
03.07	Molluscs, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine, aquatic invertebrates other than crustaceans and molluscs, live, fresh, chilled, frozen, dried, salted or in brine, flours, meals and pellets of aquatic invertebrates other than crustaceans, fit for human consumption		
0307.91	-- Live, fresh or chilled: Aquatic invertebrates other than crustaceans and molluscs:		
190	other	5	0
0407.00	Birds' eggs, in shell, fresh, preserved or cooked		
	For hatching:		
111	hens' eggs	5	0
112	ducks' eggs	5	0
119	other birds' eggs	5	0
	Other:		
920	ducks' eggs	5	0
990	other birds' eggs	5	0

TARIFF CODE	DESCRIPTION	CURRENT RATE (%)	PROPOSED RATE (%)
04.08	Birds' eggs, not in shell and egg yolks, fresh, dried, cooked by steaming or by boiling in water, moulded, frozen or otherwise preserved, whether or not containing added sugar or other sweetening matter.		
	- Egg yolks:		
0408.11 000	-- Dried	5	0
0408.19 000	-- Other	5	0
	- Other		
0408.91 000	-- Dried	5	0
0408.99 000	-- Other	5	0
08.01	Coconuts, Brazil nuts and cashew nuts, fresh or dried, whether or not shelled or peeled		
	- Brazil nuts:		
0801.21 000	-- In shell	5	0
0801.22 000	-- Shelled	5	0
08.04	Dates, figs, pineapples, avacados, guavas, mangoes and mangosteen, fresh or dried		
0804.40 000	-- Avacados	5	0
08.05	Citrus fruit, fresh or dried		
0805.10	- Oranges		
200	dried	5	0
0805.20	- Mandarins (including tangerines and satsumas); clementines, wilkings and similar citrus hybrids:		
	Mandarins (including tangerines and satsumas):		
110	fresh	5	0
120	dried	5	0
900	Other	5	0
0805.40 000	Grapefruit	5	0
0805.50	- Lemons (Citrus limon, Citrus limonum) and limes (Citrus aurantifolia, Citrus Latifolia):		
100	-- Lemons (Citrus limon, Citrus limonum)	5	0
0805.90 000	- Other	5	0
08.09	Apricots, cherries, peaches (including nectarines), plums and sloes, fresh		
0809.10 000	- Apricots	5	0
0809.20 000	- Cherries	5	0
0809.40	- Plums and sloes		
200	sloes	5	0
08.13	Fruit, dried, other than that of headings Nos. 08.01 to 08.06; mixtures of nuts or dried fruits of this Chapter		
0813.50	- Mixtures of nuts or dried fruits of this Chapter:		
200	Of which brazil nuts predominate	5	0
700	Of which avacados predominate	5	0

TARIFF CODE	DESCRIPTION	CURRENT RATE (%)	PROPOSED RATE (%)
800	Of which oranges or mandarins (including tangerines and satsumas) preminate	5	0
09.01	Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes containing coffee in any proportion.		
0901.90	- Other:		
100	Coffee husks and skins	5	0
12.11	Plants and parts of plants (including seeds and fruits), of a kind used primarily in perfumery, in pharmacy or for insecticidal, fungicidal or similar purposes, fresh or dried, whether or not cut, crushed or powdered.		
1211.90	- Other		
200	Gaharu wood chips	10	0
300	Sandalwood chips	10	0
1213.00	Cereal straw and husks, unprepared, whether or not chopped, ground, pressed or in the form of pellets		
100	In the form of pellets	5	0
13.01	Lac; natural gums, resins, gum-resins and oleoresins (for example, balsams)		
1301.20 000	- Gum Arabic	10	0
1301.90 000	- Other	10	0
15.13	Coconut (copra), palm kernel or babassu oil and fractions thereof whether or not refined, but not chemically modified.		
	- Coconut (copra) oil and its fractions:		
1513.29	-- Other		
110	palm kernel olein, crude	5	0
	Solid fractions not chemically modified:		
141	palm kernel stearin, crude	5	0
15.15	Other fixed vegetable fats and oils (including jojoba oil) and their fractions, whether or not refined, but not chemically modified.		
1515.90	- Other		
290	other	5	0
15.16	Animal or vegetable fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified, re-esterified or elaidinised, whether or not refined, but not further prepared.		
1516.20	- Vegetable fats and oils and their fractions:		
	of palm kernel oil:		
171	crude	5	0
183	off illipenut	5	0

TARIFF CODE	DESCRIPTION	CURRENT RATE (%)	PROPOSED RATE (%)
940	other: palm kernel stearin, crude	5	0
15.17	Margarine, edible mixtures or preparations of animal or vegetable fats oils or fractions of different fats or oils of this Chapter, other than edible fats or oils or their fractions of heading No. 15.16		
1517.90	- Other Of mixtures or preparations of vegetable fats or oils or of their fractions:		
524	crude	*	0
	other:		
529	other	*	0
531	crude	10	0
532	refined, bleached and deodorised (RBD)	5	0
541	crude	5	0
560	of which illipenut oil predominates	5	0
1518.00	Animal or vegetable fats and oils and their fractions, boiled oxidised, dehydrated, sulphurised, blown, polymerised by heat in vacuum or in inert gas or otherwise chemically modified, excluding those of heading No. 15.16; inedible mixtures or preparations or animal or vegetable fats or oils or of fractions of different fats or oils of this Chapter, not elsewhere specified or included.		
	Animal or vegetable fats and oils and their fractions, boiled, oxidised, dehydrated, sulphurised, blown, polymerised by heat in vacuum or in inert gas or otherwise chemically modified, excluding those of heading No. 15.16:		
	of palm oil:		
231	crude	*	0
	other:		
239	other	*	0
	of palm kernel oil		
241	crude	10	0
242	refined, bleached and deodorised (RBD)	5	0
	of palm kernel, olein		
251	crude	5	0
270	of illipenut oil	5	0
21.02	Yeast (active or inactive); other single-cell micro-organisms, dead (but no including vaccines of heading No. 30.02); prepared baking powders.		

* As specified in Appendix A of Customs Duties Order 1996

TARIFF CODE	DESCRIPTION	CURRENT RATE (%)	PROPOSED RATE (%)
2102.20	- Inactive yeasts; other single-cell micro-organisms, dead:		
910	Other: of a kind used in animal feeding	5	0
23.01	Flours, meals and pellets, of meat or meat offal, of fish or of crustaceans, molluscs or other aquatic invertebrates, unfit for human consumption; greaves.		
2301.10 000	- Flour, meals and pellets, of meat or meat offal: greaves	5	0
2301.20	- Flour, meals and pellets, of fish or of crustaceans, molluscs or other aquatic invertebrates:		
900	Other	5	0
23.02	Bran, sharps and other residues, whether or not in the form of pellets, derived from the sifting, milling or other working of cereals or of leguminous plants.		
2302.10 000	- Of maize (corn)	5	0
2302.20	- Of rice:		
100	Bran	5	0
900	Other	5	0
2302.30	- Of wheat:		
900	Other	5	0
2302.40 000	- Of other cereals	5	0
2302.50 000	- Of leguminous plants	5	0
23.03	Residues of starch manufacture and similar residues, beet-pulp, bagasse and other waste of sugar manufacture, brewing or distilling dregs and waste, whether or not in the form of pellets		
2303.10 000	- Residues of starch manufacture and similar residues	5	0
2303.20 000	- Beet-pulp, bagasse and other waste of sugar manufacture	5	0
2303.30 000	- Brewing or distilling dregs and waste	5	0
2305.00 000	Oil-cake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of ground-nut oil	5	0
23.06	Oil-cake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of vegetable fats or oils, other than those of heading No. 23.04 or 23.05		
2306.10 000	- Of cotton seeds	5	0
2306.20 000	- Of linseed	5	0
2306.30 000	- Of sunflower seeds	5	0
	- Of rape or colza seeds:		
2306.41	-- Of low erucic acid rape or colza seeds:		
100	Rape seed cake or meal	5	0
900	Other	5	0
2306.49	-- Other		
100	Rape seed cake or meal	5	0
900	Other	5	0

TARIFF CODE	DESCRIPTION	CURRENT RATE (%)	PROPOSED RATE (%)
2306.70 000	- Of maize (corn) germ	5	0
2306.90 000	- Other	5	0
2307.00 000	Wine lees; argol	5	0
2308.00 000	Vegetable materials and vegetable waste, vegetable residues and by-products, whether or not in the form of pellets, of a kind used in animal feeding, not elsewhere specified or included	5	0
2502.00 000	Unroasted iron pyrites	10	0
25.05	Natural sands of all kinds, whether or not coloured, other than metal-bearing sands of Chapter 26		
2505.10 000	- Silica sands and quartz sands	5	0
25.19	Natural magnesium carbonate (magnesite); fused magnesia; dead-burned (sintered) magnesia, whether or not containing small quantities of other oxides added before sintering; other magnesium oxide, whether or not pure.		
2519.10 000	- Natural magnesium carbonate (magnesite)	10	0
2519.90 000	- Other	10	0
25.29	Felspar; leucite; nepheline and nepheline syenite; flourspar.		
2529.10	- Felspar		
100	Potash felspar; soda felspar	2.5	0
2618.00 000	Granulated slag (slag sand) from the manufacture of iron or steel	10	0
2619.00 000	Slag, dross (other than granulated slag), scalings and other waste from the manufacture of iron or steel	10	0
26.20	Ash and residues (other than from the manufacture of iron or steel), containing arsenic, metal or their compounds.		
	- Containing mainly zinc:		
2620.11 000	-- Hard zinc spelter	10	5
2620.19 000	-- Other	10	5
	- Containing mainly lead:		
2620.21 000	-- Leaded gasoline sludges and leaded anti-knock compound sludges	10	5
2620.29 000	-- Other	10	5
2620.30 000	- Containing mainly copper	10	5
2620.40 000	- Containing mainly aluminium	10	5
2620.60 000	- Containing arsenic, mercury, thallium or their mixtures, of a kind used for the extraction of arsenic or those metals or for the manufacture of their chemical compounds	10	5

TARIFF CODE	DESCRIPTION	CURRENT RATE (%)	PROPOSED RATE (%)
2620.91 000	- Other: -- Containing antimony, beryllium, cadmium, chromium or their mixtures	10	5
2620.99	- - Other:		
100	Containing mainly niobium	10	5
900	Other	10	5
26.21	Other slag and ash, including seaweed ash (kelp); ash and residues from the incineration of municipal waste.		
2621.10 000	- Ash and residue from the incineration of municipal waste	10	5
2621.90	- Other		
900	Other	10	5
6801.00 000	Setts, curbstone and flagstones, of natural stone (except slate)	5	0
68.02	Worked monumental or building stone (except slate) and articles thereof, (other than goods of heading No. 68.01); mosaic cubes and the like, of natural stone (including slate), whether or not on a backing, artificially coloured granules, chippings and powder, of natural stone (including slate)		
6802.10	- Tiles, cubes and similar articles, whether or not rectangular (including square), the largest surface area of which is capable of being enclosed in a square the side of which is less than 7 cm; artificially coloured granules, chippings and powder:		
100	Of marble or slate	5	0
900	Other	5	0
	- Other monumental or building stone and articles thereof, simply cut or sawn, with a flat or even surface:		
6802.21	-- Marble, travertine and alabaster:		
100	Marble	5	0
900	Other	5	0
6802.22 000	-- Other calcareous stone	5	0
6802.23 000	- Granite	5	0
6802.29 000	-- Other stone	5	0
	- Other		
6802.91	-- Marble, travertine and alabaster:		
100	Marble	5	0
900	Other	5	0
6802.92 000	-- Other calcareous stone	5	0
6802.93 000	-- Granite	5	0
6802.99 000	-- Other stone	5	0
6803.00	Worked slate and articles of slate or of agglomerated slate.		
100	Blocks, slabs or sheets	5	0
900	Other	5	0

TARIFF CODE	DESCRIPTION	CURRENT RATE (%)	PROPOSED RATE (%)
68.07	Articles of asphalt or of similar material (for example, petroleum bitumen or coal tar pitch)		
6807.90	- Other:		
100	Tiles	5	0
900	Other	5	0
68.11	Articles of asbestos-cement, of cellulose fibre-cement or the like		
6811.20	- Other sheets, panels, tiles and similar articles:		
200	Floor or wall tiles containing plastics	5	0
900	Other	5	0
6811.30	- Tubes, pipe and tube or pipe fittings		
900	Other	5	0
6811.90	- Other articles:		
100	Building material	5	0
71.06	Silver (including silver plated with gold or platinum) unwrought or in semi-manufactured forms, or in powder form		
7106.10 000	- Powder	10	5
	- other		
7106.91 000	-- unwrought	10	5
7106.92 000	-- Semi manufactured	10	5
7107.00 000	Base metals clad with silver, not further worked than semi-manufactured	10	5
71.10	Platinum, unwrought or in semi-manufactured forms, or in powder form.		
	- Platinum		
7110.11 000	-- Unwrought or in powder form	10	5
7110.19 000	-- Other	10	5
	- Palladium		
7110.21 000	-- Unwrought or in powder form	10	5
7110.29 000	-- Other	10	5
	- Rhodium		
7110.31 000	-- Unwrought or in powder form	10	5
7110.39 000	-- Other	10	5
	- Iridium, osmium and ruthenium		
7110.41 000	-- Unwrought or in powder form	10	5
7110.49 000	-- Other	10	5
7111.00 000	Base metals, silver or gold, clad with platinum, not further worked than semi-manufactured	10	5
74.01	Copper mattes; cement copper (precipitated copper)		
7401.10 000	- Copper mattes	10	5
7401.20 000	- Cement copper (precipitated copper)	10	5

TARIFF CODE	DESCRIPTION	CURRENT RATE (%)	PROPOSED RATE (%)
7402.00 000	Unrefined copper; copper anodes for electrolytic refining	10	5
74.03	Refined copper and copper alloys, unwrought		
	- Refined copper		
7403.11 000	-- Cathodes and sections of cathodes	10	5
7403.12 000	-- Wire-bars	10	5
7403.13 000	-- Billets	10	5
7403.19 000	-- Other	10	5
	- Copper alloys		
7403.21 000	-- Copper-zinc base alloys (brass)	10	5
7403.22 000	-- Copper-tin base alloys (bronze)	10	5
7403.23 000	-- Copper-nickel base alloys (cupro-nickel) or copper-nickel-zinc base alloys(nickel silver)	10	5
7403.29 000	-- Other copper alloys (other than master alloys of heading No. 74.05)	10	5
79.01	Unwrought zinc		
	- Zinc, not alloyed		
7901.11	-- Containing by weight 99.99% or more of zinc:		
100	Zinc slugs	10	5
900	Other	10	5
7901.12	-- Containing by weight less than 99.99% or more of zinc:		
100	Zinc slugs	10	5
900	Other	10	5
7901.20	- Zinc alloys:		
100	Zinc slugs	10	5
900	Other	10	5
81.01	Tungsten (wolfram) and articles thereof, including waste and scrap		
8101.10	- Powders:		
100	Unwrought	10	0
	- Other:		
8101.94 000	-- Unwrought tungsten, including bars and rods obtained simply by sintering	10	0
81.02	Molybdenum and articles thereof, including waste and scrap		
8102.10	- Powders:		
100	Unwrought	10	0
	- other		
8102.94 000	-- Unwrought molybdenum, including bars and rods obtained simply by sintering	10	0
81.03	Tantalum and articles thereof, including waste and scrap		
8103.20 000	- Unwrought tantalum, including bars and rods obtained simply by sintering; powders:	10	0

TARIFF CODE	DESCRIPTION	CURRENT RATE (%)	PROPOSED RATE (%)
81.04	Magnesium and articles thereof, including waste and scrap		
	- Unwrought magnesium:		
8104.11 000	-- Containing at least 99.8% by weight of magnesium	10	0
8104.19 000	-- Other	10	0
81.05	Cobalt mattes and other intermediate products of cobalt metallurgy; cobalt and articles thereof, including waste and scrap		
8105.20 000	- Cobalt mattes and other intermediate products of cobalt metallurgy; unwrought cobalt; powders:	10	0
8106.00	Bismuth and articles thereof, including waste and scrap		
100	Unwrought bismuth	10	0
81.07	Cadmium and articles thereof, including waste and scrap		
8107.20 000	- Unwrought cadmium; powders:	10	0
81.08	Titanium and articles thereof, including waste and scrap		
8108.20 000	- Unwrought titanium; powders:	10	0
81.09	Zirconium and articles thereof, including waste and scrap:		
8109.20 000	- Unwrought zirconium; powders:	10	0
81.10	Antimony and articles thereof, including waste and scrap:		
8110.10 000	- Unwrought antimony; powders	10	0
8111.00	Manganese and articles thereof, including waste and scrap:		
100	- Unwrought manganese	10	0
81.12	Beryllium, chromium, germanium, vanadium, gallium, hafnium, indium, niobium (columbium), rhenium and thallium, and articles of these metals, including waste and scrap.		
	- Beryllium:		
8112.12 000	-- Unwrought; powders	10	0
	- Chromium		
8112.21 000	-- Unwrought; powders	10	0
8112.30	- Germanium:		
100	Unwrought germanium	10	0
8112.40	- Vanadium:		
100	Unwrought vanadium	10	0
	- Thallium:		
8112.51 000	-- Unwrought; powders	10	0

TARIFF CODE	DESCRIPTION	CURRENT RATE (%)	PROPOSED RATE (%)
8112.92	- other		
100	- - Unwrought; waste and scrap; powders Unwrought	10	0
310	Powders: Unwrought	10	0
8113.00	Cermets and articles thereof, including waste and scrap.		
100	Unwrought cermets	10	0