

**GUIDELINES AND PROCEDURE FOR CLAIMING  
PROFESSIONAL FEES INCURRED ON PACKAGING DESIGN**

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1. **INTRODUCTION**

In Budget 2001, The Government announced that professional fees incurred on packaging design qualify for double deduction on condition that the goods are of export quality and the company employs local professional services. This incentive is provided for under Income Tax (Promotion of Exports)(Amendment) Rules 2001 and shall have effect from 1 January 2001.

2. **CRITERIA FOR ELIGIBILITY**

The criteria are as follows :

(i) the company is resident in Malaysia and is participating in manufacturing, trading or agricultural activity in the basis year for a year of assessment in which the claim is made ;

(ii) the company is exporting a product which is of export quality.  
Export quality means :

(a) an existing product being exported ; or

(b) a product which has not been exported but has acquired international quality certification such as 'CE Mark', HACCP, JIS, EN., QS dan ISO;

(iii) the company employs local professional services in designing the packaging for the export market product. Local professional services refer to packaging design services provided by a company which is incorporated in Malaysia and has at least 60% Malaysian equity.

Pioneer companies are also eligible for claiming this double deduction. However, the deduction in respect of the expenditure incurred during pioneer period will be accumulated and allowed during the post pioneer period .

3. **QUALIFYING EXPENDITURE**

- (i) cost of packaging concept or labelling ;
- (ii) cost of the preparation of prototype ;
- (iii) cost of logo designing ;
- (iv) cost of brand name designing ;
- (v) cost of surface designing (graphic) ;
- (vi) cost of structure/flexible designing ;
- (vii) cost of photography and scanning ;
- (viii) cost of 'colour separation, colour proofing' and ' plate making' ;
- (ix) production cost for printing and cutting (die-cut) of sample ;
- (x) production cost for sample of box or container (Plastic, steel and glass) ; and

(xi) cost of acquiring stripe code .

4. **CLAIM PROCEDURE**

A claim must be made by completing two copies of BT/DD/RB/2002

(i) The original copy (with supporting documents) be kept by the claimant company for audit purposes.

(ii) The second copy to be sent to :

Chief Executive / Director General,  
Technical Division ,  
Inland Revenue Board,  
12th Floor, Block 9,  
Government Building Complex,  
Jalan Duta,  
50758 Kuala Lumpur.

(iii) The claim is made in the income tax return form and submitted to the Inland Revenue Board.