

CERTIFICATION OF TAX INCENTIVE FOR INVESTMENT AND PURCHASE OF EQUIPMENT TO PROVIDE BROADBAND SERVICES

19 December 2008

BACKGROUND



Incentive	Description	Application
Investment tax allowance	<ul style="list-style-type: none">• Allowance of 100% on capital expenditure on last mile broadband infrastructure• Maximum allowance of 70% from statutory income for each assessment year• Period of five (5) years from the date of first approval given	Certification: SKMM Application: MOF
Import Duty and Sales Tax Exemption	<ul style="list-style-type: none">• Exemption on broadband equipment and consumer broadband access equipment not produced locally	Application: MIDA

MOF GUIDELINE



Item	Description
License	<ul style="list-style-type: none">• Valid NFP Last mile licensed by SKMM• Suspended licensees' approval for the investment will be revoked
Investment Period	<ul style="list-style-type: none">• During license period only• 8 Sept 2007 – 31 Dec 2010
Separate accounts	<ul style="list-style-type: none">• Full NFP license holder must prepare separate accounts for last mile equipment and backbone equipment (sambungan pertama dan sambungan terakhir)
Type of investment applicable	<ul style="list-style-type: none">• Cash• Lease, with option to purchase

MOF GUIDELINE – Qualifying Equipments



Item	Description
Fixed and Wireless Broadband	<ul style="list-style-type: none">• User equipments• Access/last mile including Fixed equipments, Fiber equipments, FWA equipments
Mobile Broadband	<ul style="list-style-type: none">• Access/last mile equipments
Broadband Powerline (BPL)	<ul style="list-style-type: none">• User equipments• Access/last mile equipments – infra and accessories

MOF GUIDELINE – Qualifying Equipments



1. Fixed and Wireless Broadband User Equipments

- xDSL mode
- xDSL Router
- Fiber Modem
- Fixed Wireless Broadband Customer Premises Equipment (CPE) – Indoor and outdoor for LAN, WiFi and WiMAX connectivity
- USB Client Adapter for WiFi and WiMAX connectivity
- PCMCIA Client Adapter for WiFi and WiMAX connectivity
- WiFi Access Point/Router
- Optical Network Unit (ONU)

1. Fixed and Wireless Broadband Access/Last Mile

1. **Fixed Equipments**

- Digital Subscriber Line Access Multiplexer (DSLAM)
- MultiService Access Node (MSAN)
- Network Terminating Unit (NTU)
- Copper Cable
- Copper Distribution Frame

2. **Fiber Equipments**

- Access Digital Multiplexer (Access Node)
- Fiber to Ethernet Converter
- Option Line Termination (OLT)
- Fiber Optic Cable
- Option Distribution Frame
- Digital Distribution Frame

3. **Fixed Wireless Access (FWA) Equipments**

- FWA Base Station Unit
- Wireless Point to point
- Mesh Access Point/Router
- WiMAX Subscriber station/mobile station
- WiMAX Access Service Network
- WiMAX Connectivity Service Network
- WiMAX Access point/router
- Antenna systems and accessories
- USB WiFi Adaptor
- USB WiFi Antenna

MOF GUIDELINE – Qualifying Equipments



2. Mobile Broadband Access/Last Mile Equipment

- UMTS Terrestrial Radio Access Network (UTRAN) – Node B (Base Station)
- WiMAX Subscriber Station/Mobile Station
- WiMAX Access Service Network
- WiMAX Connectivity Service Network
- Mobile WiMAX Access Point/Router
- Antenna system & Accessories
- Wireless Point to Point
- Mesh Access Point (Router)

3. Broadband Power Line (BPL)

1. **User Equipments**

- BPL CPE – Data
- BPL CPE – Data+Voice

2. **Access/Last mile equipment**

- *BPL Infrastructure*
 - MV/LV Inductive Coupling Unit (Ferrites)
 - MV/LV Capacitive Coupling Unit
 - BPL Repeater
 - Filters
- *BPL Accessories*
 - Distribution box
 - Signal couplers
 - Signal distribution box
 - Splitter box
 - Signal cables
 - End connectors
 - Coupler-loop

SKMM GUIDELINE – Qualifying Criteria

Item	Description
License	<ul style="list-style-type: none">• NFP (I) license to roll-out services in the access network• Includes NFP (I) last mile license holders
Purpose of investment	<ul style="list-style-type: none">• For the purpose of providing broadband services to the end user
Investment Criteria	<ul style="list-style-type: none">• Not partly or fully funded by the Government or SKMM• Eg. USP and HSBB
Subscriber	<ul style="list-style-type: none">• Minimum of 1,000 incremental subscribers

SKMM GUIDELINE – Information Required



Item	Description
Services	<ul style="list-style-type: none">• License Number as issued by SKMM• Details of service packages offered, ie. Product, bandwidth and pricing• Details of customer base, including existing and new on half yearly basis for the past one year and projection of subscribers until end of 2010
Infrastructure	<ul style="list-style-type: none">• Type of infrastructure deployed in the last mile, eg. Fibre, 3G, WiMAX etc
Equipment	<ul style="list-style-type: none">• Details of last mile equipment purchased as per MOF Guideline including amount, prices and relevant supporting documents
Coverage	<ul style="list-style-type: none">• Details of coverage areas, including number of sites and transmitters in each area/location

CERTIFICATION AND APPLICATION PROCESS FOR INVESTMENT TAX ALLOWANCE



Certification Application

- Submissions received every last day of the month
- 2 copies – Application Letter and Borang BAC/Bb/08 duly filled up
- Information requested in soft copy (CD):
 - Service, Infrastructure, Equipment, Coverage
 - Supporting documents



Certification Process and Issuance

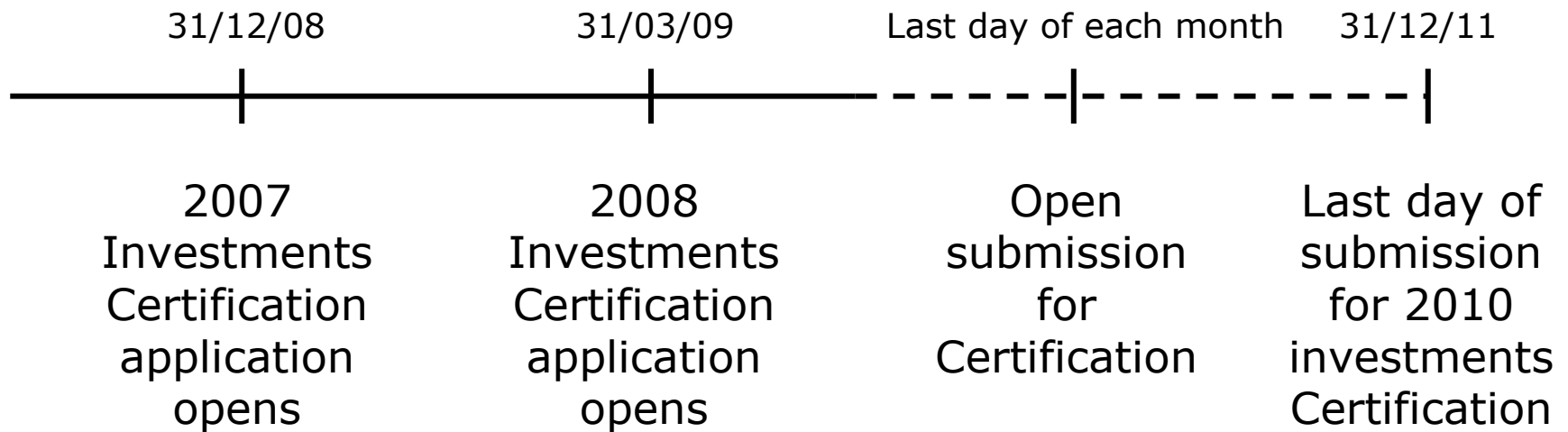
- SKMM issues Certification Letter every 14th of the month, or request for further information or verification



Investment Tax Application / Approval

- Service Provider submits Certified Borang BAC/Bb/08 to Ministry of Finance
- Attach SKMM Certification Letter
- Ministry of Finance approves/rejects application

ASSESSMENT YEAR SUBMISSION TIMELINE



CORRESPONDENCES



Investment Tax Allowance Certification Application SKMM

Chairman
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Senior Director, Infrastructure
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Form downloadable from :
www.skmm.gov.my > What We Do
> Infrastructure Development >
Last Mile Incentive

Other details are also available from
the website

Investment Tax Allowance Application Ministry of Finance

Ketua Setiausaha Perbendaharaan
Kementerian Kewangan Malaysia
Bahagian Analisa Cukai
Tingkat 6&7, Blok Tengah
Kompleks Kementerian Kewangan
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Presint 2, Pusat Pentadbiran Kerajaan
Persekutuan
62592 PUTRAJAYA
Tel : 03 – 8882 4154 / 3814 / 4223
Faks : 03 – 8882 3885

Form downloadable from :
www2.treasury.gov.my > PERCUKAIAN >
Dasar Terkini > Galakan Kepada Penyedia
kemudahan Rangkaian Sambungan Terakhir
(PKRST) Perkhidmatan Jalur Lebar

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Thank You