



**GUIDELINE FOR CERTIFICATION OF TAX INCENTIVE FOR
INVESTMENT AND PURCHASE OF EQUIPMENT TO PROVIDE
BROADBAND SERVICES
(SKMM / G / 03 / 09)**

COMMENCEMENT

1. The tax incentive is effective from the assessment year 2007.

ELIGIBILITY FOR TAX INCENTIVE

2. Pursuant to the Government's approval for tax incentive under budget 2008, the last mile network facilities providers are eligible for 100% investment allowance on capital expenditure incurred for broadband infrastructure to provide broadband services. This incentive is applicable for investment made and equipment purchased from 8 September 2007 until 31 December 2010.
3. For the purpose of this Incentive, licensees which possess Network Facilities Provider (NFP) license and **provides the communications link between the end user and the switching centre** are eligible.

QUALIFYING CRITERIA

4. The certification to support the application for the tax incentive will be given to applicants who fulfil the following requirements:
 - 4.1 The applicant must be holder of a Network Facilities Provider (NFP) individual licence to rollout services in the access network, and this includes holders of last mile NFP individual licensees.
 - 4.2 The investment that has been made and the equipment purchased must for the purpose of providing broadband services.
 - 4.3 Capital expenditure incurred for broadband services which are partly or fully funded by either the Government or SKMM are not eligible for the incentives.

- 4.4 To have a minimum of 1,000 incremental subscribers for the year the incentive is being applied.

APPLICATION PROCEDURE

5. Applicant to fill-up the Application Form for Certification of Last Mile Broadband Service Providers as per **Attachment 1**, supported by the following information (if any).

Services

- 5.1 Licence No as per Communication and Multimedia (Licensing) Regulation 2000
- 5.2 Details of service packages offered i.e. product, bandwidth and pricing; and
- 5.3 Details of customer base i.e. number of customers including existing and new customers on half yearly basis for the past one year and projection of new customers until end of 2010.

Infrastructure

- 5.4 The type of infrastructure deployed in the last mile for provisioning of broadband services detailing out the technology in use (eg Fiber, 3G, WiMax);

Equipment

- 5.5 Details of the last mile equipment purchased, including the amount and prices.
- 5.6 The amount should not include any incentives currently enjoyed by the company from the government for the purpose of installation and provision of communications and multimedia and other related facilities and services, such as the Universal Service Provision fund under the Communications and Multimedia (Universal Service Provision) Regulations 2002.

Coverage

- 5.7 Details of coverage areas including the number of sites and transmitters and its capacity or any other infrastructure that has been rolled out for each area;

6. In addition to the above, if necessary, the MCMC may request for additional information.
7. Once the certification has been obtained, the applicant must attach the the verification letter from SKMM together with Form BAC/Bb/08 for submission to the Ministry of Finance.

VALIDITY

8. While the approval for the Investment Tax Allowance from the Ministry of Finance is for five years, the verification is valid one (1) year from the date of approval from SKMM and should be renewed yearly.
9. Submission for yearly verification should be submitted one (1) month before the expiry of the validity period.

NOTE : This Guideline should be read together with the Guideline issued by the Ministry of Finance and other documents on the same matter. These documents are available from our website at www.skmm.gov.my.

For queries and information, kindly refer to:

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