

No. S 15

**CONSTITUTION OF BRUNEI DARUSSALAM**  
**(Order made under Article 83(3))**

**INCOME TAX ACT (AMENDMENT) ORDER, 2016**

**ARRANGEMENT OF SECTIONS**

**Section**

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INCOME TAX ACT (AMENDMENT) ORDER, 2016

In exercise of the power conferred by Article 83(3) of the Constitution of Brunei Darussalam, His Majesty the Sultan and Yang Di-Pertuan hereby makes the following Order —

**Citation**

1. This Order may be cited as the Income Tax Act (Amendment) Order, 2016.

**Amendment of section 10 of Chapter 35**

2. Section 10 of the Income Tax Act, in this Order referred to as the Act, is amended by adding the following two new subsections —

“(4) There shall be exempt from tax any income of a person relevant to year of assessment 2015 and the subsequent years of assessment if its gross sales or turnover during the basis period does not exceed \$1,000,000.

(5) For the purpose of subsection (4), gross sales or turnover include revenues from the sale of goods, rendering of services, interests, royalties and dividends.”.

**Amendment of section 13**

3. Section 13 of the Act is amended —

(a) in subsection (1), by deleting “one-fifth” from the last line and by substituting “40%” therefor;

(b) in subsection (2) —

- (i) in paragraph (a), by deleting “one twenty-fifth” from the second last line and by substituting “20%” therefor;
- (ii) by deleting paragraph (b), and by substituting the following new paragraph therefor —

“(b) Where, at any time in or after the basis period for the first year of assessment under this Act, the interest in a building or structure which is the relevant interest in relation to any expenditure is sold while the building or structure is an industrial building or structure, the annual allowance, in the years of

assessment the basis periods for which end after the time of that sale, shall be computed by reference to the residue of that expenditure immediately after the sale and shall be —

- (i) the fraction of that residue, the numerator of which is one, and the denominator of which is the number of years of assessment comprised in the period which begins with the first year of assessment for which the buyer is entitled to an annual allowance or would be so entitled if the building or structure had at all material times continued to be an industrial building or structure, and ends with the fiftieth year after that in which the building or a structure was first used; or
- (ii) 20% of that residue,

whichever is the greater, and so on for any subsequent sales;”.

#### Insertion of new section 16C

4. The Act is amended by inserting the following new section immediately after section 16B —

#### **“Industrial and manufacturing allowance for machinery and plant**

16C. (1) Notwithstanding sections 16 and 16B, where a person carrying on a trade, profession or business incurs capital expenditure on the installation of machinery or plant for the production of products by any of the industries specified in the Fifth Schedule, he shall, *in lieu* of the allowances provided by section 16 and section 16B, be entitled for an annual allowance of 100% in respect of the capital expenditure incurred.

(2) Where a person proves to the satisfaction of the Collector that he has incurred capital expenditure during the basis period relevant to the year of assessment on the installation of machinery or plant for the production of products by any of the industries specified in the Fifth Schedule, there shall be allowed on due claim, in addition to the allowance provided by subsection (1), an additional allowance at the rate of 50% of the capital expenditure incurred on the provision of that machinery or plant.

(3) Any claim for allowances under this section shall be made at the time of lodgment of the return of income for the relevant years of assessment or within such further time as the Collector may allow.

(4) Where any allowance has been claimed and allowed under this section for any year of assessment, no allowances shall be made in any

subsequent year of assessment under any other provision of this Act, in respect of such expenditure.

(5) Where any allowance has been made to any person under subsection (2), in respect of any machinery or plant and the person disposes off the machinery or plant within the period of one year from the provision of such machinery or plant, any allowance made under subsection (2), shall be brought to charge as if the allowance was not made, and be deemed as income for the year of assessment relating to the basis period in which the disposal occurs. The provisions of section 62 shall, so far as may be, apply, accordingly. The period of 6 years specified in that section shall be reckoned from the end of the year of assessment relevant to the basis period in which the disposal was discovered.

(6) Such person shall give notice to the Collector of such disposal within 30 days of the disposal.

(7) This section shall apply to machinery and plant installed between the 1st day of January 2014 and 31st day of December 2019.

(8) Tax credit under section 42B shall not be available in respect of plant or machinery entitled to allowance under this section.”.

**Amendment of section 17**

5. Section 17 of the Act is amended, in subsection (4) —

*(a)* in paragraph *(b)*, by deleting the full stop and substituting a semicolon therefor; and

*(b)* by adding the following new paragraph —

“*(c)* the amount of allowances, if any, allowed under sections 16B and 16C.”.

**Amendment of section 78**

6. Section 78 of the Act is amended, in subsection (1)*(b)*, by inserting “16C(6),” immediately after “section” in the first line.

**Insertion of new Fifth Schedule**

7. The Act is amended by inserting the following new Schedule immediately after the Fourth Schedule —

**"FIFTH SCHEDULE**  
(section 16C)

**LIST OF APPROVED INDUSTRIES AND PRODUCTS**

<b>INDUSTRIES</b>	<b>PRODUCTS</b>
1. Cement Finish Mill	Cement.
2. Pharmaceutical	Various types of medicines, vitamins, tablets, syrup.
3. Aluminium Wall Tile	Aluminium wall tiles and other decorative tiles.
4. Rolling Mill Plant	Manufacturing/fabrication iron and steel, steel bars, angle iron, u-channel.
5. Industrial Chemical	Various types of chemicals for oil and other industries.
6. Tissue paper	Tissue paper and kitchen napkin.
7. Textile	Various types of clothing.
8. Canning bottling and packaging	Various types of canned, bottled and packaged food.
9. Furniture	Wooden, Rattan, Knock-down furniture.
10. Glass	Sheet glass, industrial glass optical and photographic glassware, lighting and decorative glassware etc.
11. Ceramic and potteries	Tiles, sanitary ware, chinaware, stones ware, pottery ware, porcelain ware.
12. Wood base	Plywood and wooden construction elements.
13. Plastics and synthetic	PVC tubing pipes, plastics, bottles, containers, various types of medical and surgical and household rubber products.
14. Fertilisers and pesticides	Various types of fertilisers and pesticides.

"FIFTH SCHEDULE — *Continued*

INDUSTRIES	PRODUCTS
15. Sheet metal-forming	Roofing, walling, fencing, roof trusses, frames, fitting and fixtures, ducting, containers for storage and transport, other related building materials.
16. Manufacture of electrical industrial machinery and apparatus	The manufacture, renovation of electric motors, generators and complete turbine-generator and complete turbine-generator and engine generator sets, transformers, switchgear and switchboard apparatus, rectifiers, other electrical transmission and distribution equipment, electrical transmission and distribution equipment, electrical industrial control devices such as motor starters and controllers, electro-magnetic clutches and brakes, electrical welding apparatus and other electrical industrial apparatus.
17. Slaughtering, preparing and preserving halal meat	Abattoirs and halal meat packing plants; dressing and packing cattle, sheep, lambs, poultry and rabbits. Included are processing and packing activities such as curing, smoking, salting, pickling, packing in air-tight containers and quick-freezing. The manufacture of sausage casing, halal meats soups, halal meat puddings and pies and other edible halal animal fats are also included.
18. Manufacture of non-metallic mineral products	The manufacture of miscellaneous non-metallic mineral products, such as concrete, gypsum and plaster products, including ready-mixed concrete; glass fibre insulation product; mineral wool; slate products; cut-stone products; abrasives; graphite products; silica and all other non-metallic mineral products except asbestos.

"FIFTH SCHEDULE — *Continued*

INDUSTRIES	PRODUCTS
19. Manufacture of radio, television and communication equipment and apparatus	The manufacture of radio and television receiving sets, sound reproducing and recording equipment, including public address systems, gramophones, dictating machines and tape recorders; gramophone records and pre-recorded magnetic tapes, wire and wireless telephone and telegraph equipment; radio and television transmitting, signaling, and detection equipment and apparatus; radar equipment and installations; parts and supplies specially used for electronic apparatus classified in this group; semi-conductor and related sensitive semi-conductor devices; fixed and variable electronic capacitors and condensers; radiographic, fluoroscopic and other x-ray apparatus and tubes.
20. Manufacture of communication equipment	<p>The manufacture of telephone and data communications equipment signals electronically over wires or through the air such as radio and television broadcasting communication equipment.</p> <p>This class includes:</p> <ul style="list-style-type: none"> <li>- manufacture of central office switching equipment;</li> <li>- manufacture of cordless telephones;</li> <li>- manufacture of private branch exchange (PBX) equipment;</li> <li>- manufacture of telephone and facsimile equipment, including telephone answering machines;</li> <li>- manufacture of data communications equipment, such as bridges, routers and gateways;</li> </ul>

“FIFTH SCHEDULE — *Continued*

INDUSTRIES	PRODUCTS
	<ul style="list-style-type: none"> <li>- manufacture of transmitting and receiving antenna;</li> <li>- manufacture of cable television equipment,</li> <li>- manufacture of pagers;</li> <li>- manufacture of cellular phones;</li> <li>- manufacture of mobile communication equipment;</li> <li>- manufacture of radio and television - studio and broadcasting equipment, including television cameras;</li> <li>- manufacture of modems, carrier equipment,</li> <li>- manufacture of burglar and fire alarm systems, sending signals to a control station;</li> <li>- manufacture of radio and television transmitters;</li> <li>- manufacture of infrared devices (e.g. remote controls).</li> </ul>
<p>21. Manufacture of other articles of paper and paperboard</p>	<p>The manufacture of household and personal hygiene paper and cellulose wadding products:</p> <ul style="list-style-type: none"> <li>- cleansing tissues;</li> <li>- handkerchiefs, towels, serviettes;</li> <li>- toilet paper;</li> <li>- sanitary towels and tampons, napkins and napkin liners for babies;</li> <li>- cups, dishes and trays;</li> </ul>



"FIFTH SCHEDULE — *Continued***INDUSTRIES****PRODUCTS**

- manufacture of textile wadding and articles of wadding: sanitary towels, tampons etc;
- manufacture of printing and writing paper ready for use;
- manufacture of computer printout paper ready for use;
- manufacture of self-copy paper ready for use;
- manufacture of duplicator stencils and carbon paper ready for use;
- manufacture of gummed or adhesive paper ready for use;
- manufacture of envelopes and letter-cards
- manufacture of registers, accounting books, binders, albums and similar educational and commercial stationery;
- manufacture of boxes, pouches, wallets and writing compendiums containing an assortment of paper stationery;
- manufacture of wallpaper and similar wall coverings, including vinyl-coated and textile wallpaper;
- manufacture of labels;
- manufacture of filter paper and paperboard;
- manufacture of paper and paperboard bobbins, spools, cops etc;

“FIFTH SCHEDULE — *Continued*”

**INDUSTRIES**

**PRODUCTS**

- manufacture of egg trays and other moulded pulp packaging products etc;
- manufacture of paper novelties.”.

Made this 10th. day of Jamadilakhir, 1437 Hijriah corresponding to the 19th. day of March, 2016 at Our Istana Nurul Iman, Bandar Seri Begawan, Brunei Darussalam.

HIS MAJESTY  
THE SULTAN AND YANG DI-PERTUAN  
BRUNEI DARUSSALAM