



**Suruhanjaya Komunikasi dan Multimedia Malaysia**  
*Malaysian Communications and Multimedia Commission*

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## Revised Information Paper – Eligible Deductions for Individual Licence Fee Rebates

8 November 2005

Malaysian Communications and Multimedia Commission  
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## Preface

This Revised Information Paper is issued subsequent to the released of a Public Consultation Paper on "Review of Licence Fee Rebates" by MCMC in March 2005 from which MCMC received favourable responses from the industry and public. Based on the feedbacks, MCMC finds it appropriate to undertake a review of the process and streamlined the rebates application procedures outlined in the "Information Paper - Eligible Deductions for Licence Fee Rebates" and "Appendices to the Information Paper on Industry Development Rebates" previously issued by MCMC in December 2002. The Revised Information Paper also provides further clarification on certain definition with the objective of facilitating the process for both the industry and MCMC.

With the release of this revised version, the former "Information Paper - Eligible Deductions for Licence Rebates" and the "Appendices to the Information Paper on Industry Development Rebates", issued in December 2002 are revoked.



## A. Objective

1. To explain the industry development items, which qualify for consideration for purposes of licence fee rebates

## B. Introduction

2. The eligible industry development items as they appear in First Schedule, Table B, of the Communications and Multimedia (Licensing) Regulations 2000 and Communications and Multimedia (Licensing) (Amendment) Regulations 2001 for purpose of licence fee rebates are:

- 2.1. Research & Development (R&D)
- 2.2. Skills Training
- 2.3. Minority investments in Small and Medium Industry (SMIs)
- 2.4. Malaysian value added procurement from Malaysian SMIs
- 2.5. Local content and production

3. This paper provides explanation on why these industry development items are applicable and sets out further discussion on each item in turn.
4. The paper also sets out the procedures for application for eligibility for the deductions, the licensee reporting requirements and an illustration of how the eligible deductions for licence fee rebate apply.

## C. National Objectives and Industry Development

5. The telecommunication information services and information technology services are dynamic growth sectors, which are amongst the engines of economic development and growth in Malaysia. Therefore, communications and multimedia industry development has a significant role to play in addressing key macro-economic issues of productivity and development efforts to build the nation's knowledge and technology base to realise Malaysia's evolution towards an advanced knowledge-based economy.
6. The optimal communications and multimedia sector contribution to national outcomes is summarised in the national objectives of the sector, which include transforming Malaysia into a major global centre for communications and multimedia information and content services; growing the applications services market to realize a robust applications

service environment for end users; and developing sector capabilities and skills within Malaysia's convergence industries. Apart from providing equitable access, and a safe and secure network to ensure user confidence in a continually liberalised and open business environment, Malaysia's identity remains distinct through the nurturing of local content and culture and the emphasis on Malaysian value added capabilities, technologies and output.

7. Amongst the micro targets supporting macro objectives include encouraging the sector corporations' participation in development efforts within their strategic areas.
8. Facilitating this is the availability of licence fee rebates for individual licensees involved in industry development in the various modes stated. As such, activities including R&D, skills training and expertise building thus increasing the pool of knowledge personnel, and emphasis on Malaysian value added, would deepen, widen and enhance industry creativeness and innovation towards attaining the international competitive edge and resilience to exploit economic opportunities arising from the blurring of physical boundaries amidst increasing globalisation and liberalisation.

## D. Scope of Application

9. To be eligible for the licence fee rebate :
  - 9.1. the applicant must be a licensee; and
  - 9.2. the expenditure must be incurred by the licensee

## E. Research & Development (R&D)

### *R&D definition*

10. The general definition of R&D is as follows:

Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. On the other hand, development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved technology, materials, devices, products, processes, systems, or services prior to the commencement of commercial production or use.

11. Examples of R&D activities are:
  - 11.1. Activities aimed at obtaining new knowledge.
  - 11.2. Search for applications of research findings or other knowledge.
  - 11.3. Search for technology, product or system alternatives.
  - 11.4. Formulation and design of possible new or improved product or system alternatives.
  - 11.5. Evaluation of technology, product or system alternatives.
  - 11.6. Design, construction and testing of pre-production prototypes and models.
  - 11.7. Design of tools, devices, gadgets, networks or processes involving new technology.
  - 11.8. Design, construction and operation of a pilot plant or network that is not of a scale economically feasible for commercial production.
  - 11.9. Assessment of the commercial viability of a product or system prior to commencement of commercial production or use.
12. For the purpose of clarity, the definition of R&D item or activity of the rebates scheme should meet the definition of R&D as specified by the Financial Reporting Standard 109<sup>1</sup>.

*R&D eligible for licence fee rebate*

13. R&D activities eligible for licence fee rebate should be R&D conducted in Malaysia in the activities as mentioned in Section 10 to Section 12 but confined to the communications and multimedia sector such as in the core areas of network, network services, applications and content applications.
14. Examples of R&D in the communications and multimedia sector include R&D in the following (and including its related software development):
  - 14.1. Transmission infrastructure and throughput technologies, which may be wire or cable, wireless and other means.
  - 14.2. Telecommunication systems such as management, control and optimization of networks and systems with multimedia traffic, advanced database and information retrieval, and so forth.
  - 14.3. Communications and multimedia products, information and content services.
  - 14.4. Network protocol technology, systems and facilities to improve information security, service delivery and network reliability.
  - 14.5. Design and development of cost effective telecommunications systems, high speed multiple applications and services.

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<sup>1</sup> FRS 109 as issued by the Malaysian Accounting Standard Board (MASB)

- 14.6. Facilities, networks or systems to improve provision of communications technology to underserved areas.
- 14.7. Communications and multimedia equipment and related parts manufacturing.

*R&D aims*

15. In line with national and sector objectives, the R&D effected must be set with an ultimate aim such as the:
  - 15.1. R&D must be relevant to market needs and requirements, enhancing the telecommunications and multimedia value chain.
  - 15.2. R&D leads to prototyping and commercialising results.
  - 15.3. R&D in collaboration with international companies having leading-edge technology and local companies, especially SMIs, must have targets for any joint ventures to become competitive world class companies.
  - 15.4. R&D encouraging strategic global and regional linkages to enhance Malaysian technology development and industrial linkages to achieve economies of scale for regional and global competitiveness in domestic corporations and Small and Medium Industry.
  - 15.5. R&D promoting closer co-operation and/or transfer of technology through joint ventures and institutional linkages between the private sector and especially local or overseas public research institutes and universities.

*Allowable cost for R&D*

16. The allowable cost of rebates for this category shall be the total cost of the eligible R&D.

*Application procedure*

17. For the application of licence fee rebates under this category, licensee shall submit the report as in Appendix A.
18. The declaration has to be signed by the CEO or any person authorized on his behalf.

## F. Skills Training

19. Human resource development is an important prerequisite for the development of the communications and multimedia industry. To realise the full potential of the industry in its use of information, development of applications and services for construction and operation of telecommunications facilities, and expertise building for maintaining continued growth, there is a need to stress the development of a dynamic and innovative pool of human resource; creating trained and skilled personnel in all fields of communications and multimedia.
20. Furthermore, in order to facilitate and strengthen the continued expansion, development and diversification of the communications and multimedia sector, more skilled personnel is required as industries move up the value chain. In this respect, increased productivity amongst the workforce is needed and this is improved by the strategic move to facilitate the absorption of new skills through training and education as well as improving organisations and their systems through an open business environment.

### *Qualifying skills training programmes*

- Knowledge versus soft skills
21. For the purpose of licence fee rebate, the MCMC specifies that 'Skills Training' refers to that of acquiring 'knowledge' skills and training such as communications and multimedia technical knowledge and information technology disciplines or applications.
  22. The reference is NOT general 'soft skills' training and development such as telephone answering techniques, supervisory skills and the like, which is expected as standard prerequisite training for the customer services sector or management programmes\*.
- Train the trainer in 'knowledge' skills training
23. However, programmes to train trainers in advanced and new skills such as in the fields of design and high technology engineering or information technology protocol are considered 'knowledge' skills training allowable for licence fee rebate.



*Objectives of skills training*

24. Overall, the objectives of skills training is in line with the government initiative to encourage employers to retrain and upgrade the skills of their employees aligning human resources to business needs and the industrialization strategy of the country.
25. In respect of the fast changing landscape in the communications and multimedia industry, there is an urgent need for knowledge and skilled personnel. Therefore, the stance taken on skills training is broadly in line with that of the Human Resource Development Fund (HRDF)<sup>2</sup>, but in the context of the communications and multimedia industry and which include the objectives to:
  - 25.1. Increase the supply of knowledge and highly skilled personnel.
  - 25.2. Enhance the knowledge of staff and equip them with up-to-date skills.
  - 25.3. Prevent the skills of personnel becoming obsolete in a changing technological and regulatory environment.
  - 25.4. Upgrade the quality and productivity of employees.
  - 25.5. Cultivate a training culture amongst employers.
  - 25.6. Maintain and enhance the competitiveness of Malaysian products through retraining and skills upgrading of the workforce.
  - 25.7. Accelerate the process of technology transfer.
  - 25.8. Assist the attainment of the industrialization objective of the country.
26. MCMC would consider on-line/computer based training and training courses, workshops and seminars conducted by foreign regulatory bodies, the Asia Pacific Telecommunity (APT), the Asia Pacific Broadcast Union (ABU) and the International Telecommunication Union (ITU).

*Conditions for qualifying skills training programmes*

27. Conditions for skills and training to qualify as industry development for licence rebate purposes include the following eligibility criteria:
  - 27.1. Training programmes MUST be of direct benefit to their business operations or related to the business needs of the SMIs to which they have investments in.
  - 27.2. Training programmes MUST be structured and include, where applicable:

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<sup>2</sup> HRDF is a human resource training and development fund set up by the Government through the Human Resource Development Act 1992, which came into effect 1st January 1993.

- 27.2.1. specific training objectives.
- 27.2.2. a programme of training activities or lesson plans.
- 27.2.3. specified duration training.
- 27.2.4. guided instruction by qualified instructors or trainers.
- 27.2.5. test(s) to assess attainment of training objectives.

*Allowable cost for training employees*

28. Training may be undertaken on-site, in-house, external or overseas. Costs for qualifying programmes include:

- 28.1. Course fees for approved training programmes or other programmes by other training providers.
- 28.2. Remuneration of employers' trainers or instructors, pro-rated to the duration of approved in-house training programmes.
- 28.3. Fees paid to external or foreign trainers or instructors for the duration of the training programmes.
- 28.4. Consumable training materials.
- 28.5. Cost of travel including associated accommodation and subsistence (in accordance with licensee's company policy and to be verified by the Head of Human Resource) for the overseas training in paragraph 26.
- 28.6. The cost of training will apply to employees of the licensee only.

29. In line with the training scheme implemented under the HRDF and for MCMC purposes, the expenses for training equipment and the setting up of training room(s) is allowable for licence fee rebate. In the case where a licensee has already set-up such training facilities, only the 'incremental cost' expensed in the financial year for maintenance and upgrading is considered allowable cost.

30. However the licensees in any case have to submit to the MCMC an initial report on proposed plans or such plans as implemented detailing the expenditures concerned and subsequently report to MCMC on half financial yearly basis the progress on implementation and the consequent running of the programmes in the facility.

*Application procedure*

31. For the application of licence fee rebates under this category, licensee shall submit the report as in Appendix B.

32. The declaration has to be signed by the CEO or any person authorized on his behalf.

## G. Minority Investments in SMIs

### *Definition of SMI*

33. The Ministry of International Trade and Industry defines small and medium-sized companies as follows:
- 33.1. A small-sized firm as 'a firm with less than 50 full-time employees, and/or with an annual turnover of not more than RM10 million'.
- 33.2. A medium-sized firm as 'a firm with between 51 and 150 employees, and/or with an annual turnover of between RM10 million and RM25 million.
34. For purposes of licensing rebate, MCMC will adopt similar definition as above.

### *Role of SMIs in national development*

35. The small and medium-sized industries play an important role in the Malaysian economy and their integration into the mainstream of industrial and technological development is crucial to ensuring increased Malaysian content. This is especially critical in the intricate technological areas of communications, multimedia and information technology.
36. A full force of growing and competitive Malaysian SMIs with global orientation and world class operation structure is an important prerequisite to ensuring sustainable and resilient industry, sector and economic growth in the face of new technology and increasingly liberalised business environment. In the communications and multimedia sector where competitive forces are highly influential against a backdrop of fast developing and fast changing technology and information technology, the strategic capabilities of a proactive and responsive SMI becomes a valuable asset.

### *Reasons for sector industry development*

37. Industry strategy to funding SMIs and their development is aimed at:

#### More equitable growth

- a. Assisting in developing a more balanced growth in the communications and multimedia sector, with all industry participants possessing an avenue for wider access to and use of advanced technology, thus helping to provide a more equitable distribution of income.



SMI activities in line with market demands

- b. Providing a private sector initiated seedbed and platform for appropriate Malaysian technical and information technology skills and expertise to grow hand-in-hand along with the success of foreign direct investment ventures in the country. In this way, SMIs keep abreast with the changing trends in factor and product markets, which dictate skills and technology demand.

SMIs as essential support industries

- c. Ensuring that SMIs continue to complement as well as strongly support the large scale industry. SMIs contribution as key suppliers and service providers include providing high technology sub-assemblies to major manufacturing outfits, supplying various specialist and technical business consulting services and other support services through a network of industrial linkages.

In this respect, the SMIs must accelerate the process of upgrading their skills and technological capabilities to move up the value chain in order to be more competitive.

High value added SMIs products and services

- d. Creating SMIs capable of producing quality and high value added products and services for both the domestic and export markets, as well as contribute significantly to the Gross Domestic Product (GDP).

SMIs with leading competitive edge

- e. Increasing SMIs and overall industry or sector productivity through the use of modern technology and management, thus creating leading edge competitiveness of Malaysian products and services in the regional and international markets.

Encouraging Bumiputera participation

- f. encouraging the active participation of Bumiputera entrepreneurs in the development of all sectors of the communications and multimedia industry, in line with Government's policy to create Bumiputera Business and Industrial society.

*Minority Investment in SMI as a licence fee rebate*

- 38. For purposes of licence fee rebate, a 10% to 50% investment in as SMI is required. However, the maximum stake held in an SMI should not be more than 50% of the share capital of the SMI.

*Allowable cost for Minority Investment in SMI*

39. The investment cost allowable for the rebate includes:

- 39.1. the initial investment paid to the shareholder equity (one –off)
- 39.2. any incremental investment to increase the shareholder’s equity

*Application procedure*

- 40. For the application of licence fee rebates under this category, licensee shall submit the report as in Appendix C.
- 41. The declaration has to be signed by the CEO or any person authorized on his behalf.

**H. Malaysian Value Added Procurement from Malaysian SMIs**

*Definitions*

- 42. For the purpose of MCMC license fee rebate, the following definitions apply:
  - Malaysian value added procurement includes products and services.
  - Malaysian value added means "Malaysian-made" SMI products and services and imported products and services, which have Malaysian SMI value added elements. For example, imported parts for computers assembled by Malaysian SMIs.
  - Definition of SMI in this section is the same as those stated in Section 34.

*Reasons for Malaysian Value Added Procurement from Malaysian SMIs*

- 43. The strength of the economy is further enhanced by having high quality Malaysian SMIs in both the manufacturing and service sectors. In the context of promoting and expanding the Malaysian SMI industry, procurement from these local industries needs to be encouraged and given incentives. For more specified reasons, please refer to Section 38.

*Eligible deductions*

- 44. The eligible deductions refer to:

- 44.1. The supply price of the products and services less the amount spent on imported products and services (including all components, embedded software and design, manufacturing, assembly and supply services).

*Criteria for eligible deductions*

45. If the company procured 40%<sup>3</sup> or more of Malaysian value added products and services from Malaysian SMI, then the amount spent on Malaysian value added procurement would be eligible for the rebate.
46. Products and services eligible for rebates would include those that are involved directly in the core operations of the company, but referring specifically to multimedia and communications industry or related products and services. Examples include electrical and electronic products and components; advanced electronics such as design, development and manufacture of computers, microprocessor applications, communications equipment and integrated circuits; automation and flexible manufacturing systems such as development and production of computer process instrumentation, robotic equipment and computer numerical control (CNC) machine tools. Services such as installation, configuration maintenance and other value added consultations provided by local SMIs are eligible for rebate.
47. Products and services that are NOT included for rebate include products and services that are NOT directly involved in the communications and multimedia operations. Examples include the cost of transportation, storage costs and other incidental costs and services.

*Application procedure*

48. For the application of licence fee rebates under this category, licensee shall submit the report as in Appendix D.
49. The declaration has to be signed by the CEO or any person authorized on his behalf.

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<sup>3</sup> Among the provisions for qualifying a 'good' as conforming to the specifications allowable for CEPT for AFTA, is the provision that the goods shall be deemed to originate from ASEAN countries if at least 40% of its contents originates from any ASEAN country. For MCMC purposes, this 40% threshold has been adopted as the threshold for Malaysian value-added. CEPT refers to Common External Preferential Tariff while AFTA refers to ASEAN Free Trade Area.

## I. Local Content and Production

### *Approach to Local Content*

50. For licence fee rebate purpose, the definition of local content and the setting of the local content quota would follow those set out by the MCMC<sup>4</sup>.

### *Reason for allowable deduction*

51. The purpose for allowing eligible deductions to turnover for Local Content and Production is to encourage licensees to grow and nurture local information resources and cultural representation that facilitate the national identity and global diversity.

52. In achieving the stipulated objective, a number of the goals identified are to enhance and increase the production of:

- 52.1. distinctively Malaysian programmes
- 52.2. a wide range of variety of Malaysian programmes
- 52.3. continuous industry growth

53. While it is not the intention to make the deductions a direct incentive for licensees to embark on local content programs, nevertheless, it is hoped that the deductions would spur on investments in such activities.

### *Eligible criteria for deductions*

54. For programmes to qualify for eligible deductions under Local Content and Production, the MCMC must be satisfied that the programmes fulfill all of the following eligibility criteria:

- 54.1. Programme must be a first release programme<sup>5</sup>.
- 54.2. Programme must fulfill the local content requirement.

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<sup>4</sup> This will be linked to the National Content Policy and the Local Content Policy. The definitions set the basis for licensees to draw up the eligible industry development expenditures.

<sup>5</sup> The rationale for a first release programme is basically to encourage the growth of local programmes; as in encouraging a greater number of new programmes to be produced within a suitable period of time. In contrast, repeat programmes do not add to the pool of programmes after its 'first release'.



### *Definitions*

- | 55. Reference to Sections 51 to 54, the following definitions apply:
- a. First release programmes (referring to local programmes only)
    - i) A programme (except a feature film or telemovie) is a first release programme when it is first broadcast in Malaysia; if it has been acquired by the licensee, or its programme supplier, within 2 years of the completion of production of the programme.
    - ii) A programme that is a feature film or telemovie is a first release programme when it is first broadcast by a licensee in Malaysia (whether or not the program has already been broadcast in Malaysia by a subscription television broadcasting service); if it has been acquired by the licensee, or its programme supplier, within 2 years of the completion of production of the programme.
  - b. Local Content

For the purpose of these deductions, a programme is considered to contain local content if it has the following constituent elements:

- i) Programme material

The material of the programme refers to the content or substance of the programme. A programme with local content refers to a programme, which has a predominantly Malaysian orientation, reflecting Malaysian identity and culture or is about Malaysians. Foreign film productions, which are location shot in Malaysia are not considered Malaysian made although there may be cast and stand-ins, production crew and the like, who are Malaysians. For the latter to be under local content, criteria (ii) below apply.

Strictly, programmes which are about Malaysia and her people, but which are foreign produced does NOT come under the category of 'local content' for purposes of rebate.

Alternatively, Malaysian-made programmes location shot outside of Malaysia would be considered for rebate purposes if criteria (ii) or criteria (iii) applies and on a case by case basis.

When programmes include both Malaysian and foreign segments, only the former is included for purposes of eligibility for rebates. The segmentation is done in Ringgit value terms as can be documented or proportioned in the sample report framework at Appendix E.

ii) Creative control by Malaysians

A programme is produced under the creative control of Malaysians if:

a) Producer

- The producer of the programme is, or a significant proportion of (not less than two-third) the producers of the programme are Malaysian.
- The producer must control and be the central decision-maker of a production from beginning to end. In addition, the producer must be prepared to demonstrate full decision making-powers by submitting if so requested by the MCMC, ownership documents or affidavits.

b) Other key creative personnel

- The director(s), writer(s), composer(s), technician(s), editor(s) are Malaysian; and
- Not less than two-thirds of the leading actors or on-screen presenters appearing in the programme are Malaysians.

iii) Production

- 30-40% of the overall cost of production of a programme must be spent in Malaysia.
- At least 60% of total post-production cost is spent in Malaysia.
- Negative processing and bulk-printing (where applicable) of the films must be done in local laboratories.
- Editing works, *pasca produksi*<sup>6</sup> and animation must be made in local companies that offer such facilities and services.
- Music (or rearrangement of music) and background voice used in a programme must be produced by local music producers. The background voice must belong to a Malaysian.

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<sup>6</sup> Refers to 'post production'

*Allowable cost for Local Content and Production*

55.1. The allowable cost of rebates for this category shall be total purchase price or production cost of the qualifying programs.

*Application procedure*

55.2. For the application of licence fee rebates under this category, licensee shall submit the report as in Appendix E.

55.3. The declaration has to be signed by the CEO or any person authorized on his behalf.

*Sample calculation of licence fee rebates*

55.4. Attachment A provides a sample calculation on how the amount of eligible rebate is established and the corresponding licence fee payable.

## Appendices



Appendix A

Application for Rebates on Research and Development

R&D Project List

Title	Duration	Date of completion	Cost (RM)	In-house/ Outsource <sup>7</sup>
<b>Total</b>				

Report

For each R&D project undertaken please provide an executive summary covering the project objective, deliverables, officer in-charge, results, direct benefits to the company and impact to the communications and multimedia industry. The write-up shall not exceed 3 pages.

Declaration

I/We hereby verify that the information given above is true and complete.

The Company shall keep all the relevant document and allow MCMC or its appointed agents to carry out an audit on the particulars request.

The Company also hereby consents to any disclosure by the MCMC of this report or any information on the company to firms or consultants acting in professional capacity for or on behalf of the MCMC.

Authorised Signature: .....  
 Name:  
 Designation:  
 Date:  
 Company's stamp

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<sup>7</sup> Please provide the name of organization/entity if the project is outsourced

Appendix B

Application for Rebates on Skills and Training

a) Domestic/ Local

Title	Type <sup>8</sup>	Institution/ Organiser	Location	Period	No. of Person	Total Cost (RM)
<b>Total</b>						

b) Overseas

Title	Institution/ Organiser	Location	Period	No. of Person	Total Cost (RM)
<b>Total</b>					

Report

Please provide a brief synopsis for each course.

Declaration

I/We hereby verify that the information given above is true and complete.

The Company shall keep all the relevant document and allow MCMC or its appointed agents to carry out an audit on the particulars request.

The Company hereby consents to any disclosure by the MCMC of this report or any information on the company to firms or consultants acting in professional capacity for or on behalf of the MCMC.

Authorised Signature: .....

Name:

Designation:

Date:

Company's stamp:

<sup>8</sup> Type: in-house/external/computer-based

Appendix C

Application for Rebates on Minority Investment in SMI

SMI Listing

SMI Company	Type of business	Paid-up Capital (RM)	Licensee's Investment in SMI (RM)	% licensee stake in company
<b>Total</b>				

Reports on SMI

For each SMI please provide a detail report on the followings:

- Company registered number
- Date of incorporation
- Address of registered office
- Shareholders fund and breakdowns into its components
- Particulars of directors (name, nationality)
- Number of employees
- Annual turnover and operating profits

Declaration

I/We hereby verify that the information given above is true and complete.

The Company shall keep all the relevant document and allow MCMC or its appointed agents to carry out an audit on the particulars request.

The Company hereby consents to any disclosure by the MCMC of this report or any information on the company to firms or consultants acting in professional capacity for or on behalf of MCMC.

Authorised Signature: .....

Name:

Designation:

Date:

Company's stamp:

Appendix D

Application for Rebates on Value added Procurement from Malaysian SMI

Report

For every procurement please provide the following listing:

Procurement Date	Invoice No.	Amount (RM)	SMI Company	MITI certificate attached Yes/ No
<b>Total</b>				

Declaration

I/We hereby confirm that the information given above is true and complete.

The Company shall keep all the relevant document and allow MCMC or its appointed agents to carry out an audit on the particulars request.

The Company hereby consents to any disclosure by the MCMC of this report or any information on the company to firms or consultants acting in professional capacity for or on behalf of the MCMC.

Authorised Signature: .....

Name:

Designation:

Date:

Company's stamp

Appendix E

Report on Local Content and Production

The following information should be included in the report:

Production Title:

Production Budget:

Production Type:        Feature  
                                   Telemovie  
                                   TV Series (No. of Episodes)  
                                   Short Drama  
                                   Cartoons  
                                   Documentary  
                                   Others, please specify.

Running Time                ----- mins  
 Gauge                         ----- mm x eps

Schedule & Budget based on script:

Producer(s):

Production Company:

Address:

Telephone No:

Fax No:

E-mail:

Summary of Expenditure on Local Content and Production

ABOVE THE LINE COSTS<sup>9</sup>

	RM
A. Story and script <sup>10</sup>	.....
B. Producers	.....
C. Directors	.....
D. Principal Cast <sup>11</sup>	.....

BELOW THE LINE COSTS

	Sub-Total (RM)	Total (RM)
E. Cast <sup>12</sup>		
F. Technician <sup>13</sup>		
G. Music <sup>14</sup>		
H. Production Unit fees and salaries		
I. Wardrobe, Make-up & Hair		
J. Sets & Properties		
K. Film & Laboratory -- Shooting		
L. Laboratory Costs -- Editing		
M. Sound -- Post Production		
N. Equipment :		
Cameras		
Lighting		
Sound		
Stills <sup>15</sup>		
Units and		
Miscellaneous		
O. Rentals, Storage & Editing Facilities		
P. Travel and Transport		
Q. Hotel, Living & Catering		
R. Video Production Costs		
S. Overseas Shoot		
Sub-Total	.....	
TOTAL		-----

<sup>9</sup> Note that the items A to S under above the line and below the line costs are only examples in this paper

<sup>10</sup> Includes fee for story rights, fees for writers, script editors, story editor(s), r researcher(s)

<sup>11</sup> 'Principal cast' refers to leading actors and/or actresses or on screen presenters

<sup>12</sup> 'Cast' refers to other than Principal Cast which includes stunts, double, stand-ins

<sup>13</sup> 'Technician' includes camera crew, sound crew, lighting crew, still camera staff, wardrobe staff, technical advisers

<sup>14</sup> 'Music' includes fees for Composer/Director, Arranger, Fix/Coordinator, Musicians, Performers

<sup>15</sup> 'Stills' refers to still stores including location recce pics, video hire-location recce, and instant stock

Declaration

I/We hereby confirm that the information given above is true and complete.

The Company shall keep all the relevant document and allow MCMC or its appointed agents to carry out an audit on the particulars request.

The Company hereby consents to any disclosure by the MCMC of this report or any information on the company to firms or consultants acting in professional capacity for or on behalf of the MCMC.

Authorised Signature: .....  
Name:  
Designation:  
Date:  
Company's stamp

Attachment A

Sample Calculation of Licence Fee Rebates and Licence Fee Payable

1. If gross turnover from licensed activities = RM100 million
  - a. Therefore, the standard licence fee with no deduction for no industry development activities carried out is:  
$$\text{RM}100,000,000 \times 0.50\% = \text{RM}500,000$$
  2. If gross turnover from licensed activities is RM100 million and the licensee has eligible industry development expenditure of RM10 million, then,
    - a. Establish the fixed minimum licence fee from licensed activities (Reference: First Schedule, Table B, of the Communications and Multimedia (Licensing) (Amendment) Regulations 2000):  
Which is set at 0.15% of gross turnover, or RM50,000 whichever is greater,  
i.e.,  $\text{RM}100,000,000 \times 0.15\% = \text{RM}150,000$
    - b. Establish the percentage industry development expenditure:  
Which is industry development expenditure expressed as a percentage of gross turnover,  
i.e.,  $(\text{RM}10,000,000 / \text{RM}100,000,000) \times 100\% = 10\%$
    - c. Establish the amount of eligible rebate:  
As indicated in column 3 of the referenced Table B, the calculated 10% industry development expenditure entitles the operator to a rebate of 66%. Note that this example takes the 66% rebate as applicable to the difference between the maximum payable fee and minimum payable fee,  
i.e.,  $\text{RM}500,000 - \text{RM}150,000 = \text{RM}350,000$   
Thus, the amount of rebate eligible is  $\text{RM}350,000 \times 66\% = \text{RM}231,000$
    - d. Establish licence fee payable:  
Therefore, the amount of licence fee payable is,  
maximum payable fee - eligible rebate  
i.e.,  $\text{RM}500,000 - \text{RM}231,000 = \text{RM}269,000$