

TR 79

Facts

An individual is contemplating to set up a business as tour operator. A company will be formed for the purpose of undertaking the said business. In carrying the tour operator business, the company will incur expenses, including expenses connected with overseas marketing and trade fairs which qualify for a 200% deduction under the law. It is assumed that in the event the company will have already started its operations, in the first instance it will be allowed to deduct the total amount of the overseas marketing and trade fair expenses from its profit and loss account; and to a deduction in respect of the same item of expenditure a second time, when computing its chargeable income for income tax purposes.

Point in issue

Whether it can be confirmed that the tour operator company will be entitled to a 200% deduction in respect of overseas marketing and trade fair expenses.

Ruling

It is confirmed that the tour operator company will be entitled to a deduction of 200% of the amount of overseas marketing and trade fair expenses, in accordance with the provisions of Section 67A of the Income Tax Act 1995.