

Disallowance of input tax

36. Input tax incurred by a taxable person shall be excluded from any credit under section 38 of the Act in respect of any of the following:

- (a) the supply to or importation by him of a passenger motor car;
- (b) the supply of goods or services relating to repair, maintenance and refurbishment of a passenger motor car;
- (c) the hiring of passenger motor car;
- (d) club subscription fee including any joining fee, membership fee, transfer fee or other fees charged by any club, association, society or organisation established principally for recreational or sporting purposes or by the transferor of the membership of such club, association, society or organisation, as the case may be;
- (e) any payment or contribution towards any insurance contracts or takaful certificates—
 - (i) for indemnifying the taxable person against the cost of medical treatment to any person;
 - (ii) against the cost of medical treatment in which the insured or participant is a person employed by the taxable person; or
 - (iii) against any personal accident in which the insured or participant is a person employed by the taxable person,

but does not include any insurance contract or takaful certificate against any liability which the taxable person may incur under the Employees' Social Security Act 1969 [Act 4] and the Workmen's Compensation Act 1952 [Act 273] where such expenses is obligatory under that Act or under any collective agreement within the meaning of the Industrial Relations Act 1967 [Act 177];

- (f) any medical expenses incurred in connection with the provision of all forms of medical treatment to any person employed by a taxable person but does not include medical expenses incurred under the Employees' Social Security Act 1969 and the Workmen's Compensation Act 1952 where such expenses is obligatory under that Act or under any collective agreement within the meaning of the Industrial Relations Act 1967;
- (g) any family benefits including hospitality of any kind provided by the taxable person for the benefit of any person who is the wife, husband, child, including adopted child in accordance with any written law or parents of any person employed by the taxable person; or

(h) entertainment expenses to a person other than employees or existing customers except entertainment expenses incurred by a person who is in the business of providing entertainment.