



Statement of Practice (SP 11/12)

Update on CSR

Section 50L of the Income Tax Act dealing with CSR has been amended through the Finance Act 2012. The amendments will take effect in respect of the year of assessment 2013 and of subsequent years.

2. Where the amount paid out of CSR Fund is less than the amount provided under the Fund, a company is not required to remit the whole amount of the difference to the MRA. It can, with the approval of the CSR Committee, carry forward the difference, limited to 20% of the amount provided under the Fund, to the following year to form part of the CSR Fund for that year. Example 1 in the Annex illustrates the amendment.
3. Where the amount paid out of CSR Fund exceeds the amount provided under the Fund, the excess amount, to the extent of 20% of the amount provided under the Fund, may be carried forward and offset in equal instalments against any amount to be remitted to the MRA in respect of the 5 succeeding years. In practice, in the interest of taxpayers and in order to ease implementation of the CSR scheme, any excess arising in the year will be carried forward to the following year and offset against any amount provided to be spent under the Fund. Example 2 in the Annex illustrates the point.
4. The carry forward of any excess referred to in paragraph 3 above will not apply to any excess arising in respect of more than 2 consecutive years.
5. Example 3 in the Annex illustrates all the amendments as they apply to a single case

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