

**IN THE COURT OF APPEAL OF MALAYSIA IN PUTRAJAYA  
(APPELLATE JURISDICTION)  
CIVIL APPEAL NO: W-01-45-2010**

**BETWEEN**

**SHAKLEE PRODUCTS (M) SDN BHD**

**... APPELLANT**

**AND**

**KETUA PENGARAH HASIL DALAM NEGERI**

**... RESPONDENT**

*Revenue Law– franchisee fee –deduction – revenue or capital expenditure - subsection  
33(1) - Income Tax At 1967*

Issue : Whether the franchise fee paid by the tax payer to the Franchisor is wholly and exclusively incurred in the production of the tax payer's gross income and deductible under subsection 33(1) of the Income Tax Act 1967.

Decision : The Court of Appeal dismissed the tax payer's appeal.

The franchise fee paid by the tax payer is capital in nature. It was payment to acquire rights to operate the business of the franchisor in Malaysia, by using the name, business system and products of the franchisor.

Status : No grounds of judgment are provided by the Court of Appeal. No right of further appeal.

Date of Judgment : 23 April 2012