

# **IRAS CIRCULAR**

## **TAX GUIDE ON NON-ASSESSABLE PLANT AND MACHINERY COMPONENTS FOR PETROCHEMICAL AND POWER PLANTS**



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FOR PETROCHEMICAL AND POWER PLANTS**

1. The objective of this tax guide is to provide examples of non-assessable plant and machinery components for Petrochemical and Power plants
2. Petrochemical Plant is a facility for manufacturing of chemicals from petroleum or natural gas, while Power Plant is a facility for the generation of electric power.
3. Property tax is a tax on immovable properties. The chargeable provision in s 6(1) of the PTA provides that a property tax shall be payable 'upon the annual value of all houses, buildings, land and tenements whatsoever included in the Valuation List'.
4. The word "land" in the s 6(1) takes on its common law meaning and includes chattels that are annexed to the land so as to form part of the land.
5. Generally, machinery that is moveable is not liable to property tax. However, where the machinery is so attached to the land, such that it becomes part of the land, or where the annexation of the machinery is such as to show that the machinery were affixed to the land with the intention of making them part of the land, the machinery becomes fixture, which is liable to be assessed for property tax.
6. Notwithstanding the above, s 2(2) states that "In assessing the annual value of any premises upon which there is any machinery used for any of the following purposes:
  - a. the making of any article or part of an article;
  - b. the altering, repairing, ornamenting or finishing of any article; or
  - c. the adapting for sale of any article;the enhanced value given to the premises by the presence of such machinery shall not be taken into consideration, and for the purpose of this definition, "machinery" includes the steam engines, boilers and other motive power belonging to such machinery.". However, building structures and site improvements, which house such machinery, are taxable.
7. Appendix A shows the list of non-assessable machineries commonly found in Petrochemical and Power Plants.
8. For further clarifications, please contact the following:

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**List of non-assessable machineries commonly found in Petrochemical/Power plants**

1	Accelerators
2	Aftercooler
3	Agitator
4	Air Preheater
5	Air Saturator
6	Air/Gas Compressor
7	Boiler
8	Burners/Furnace
9	Catalyst Reactor
10	Chiller
11	Clarifier
12	Condensate Receiver
13	Condenser
14	Convertor
15	Corrosion Inhibitor
16	Cyclone
17	Deaerator
18	Degasifier
19	Dehydrator
20	Demister
21	Desuperheater
22	Dynamos/Electric Generator
23	Electrostatic Precipitator
24	Gasifier
25	Generator
26	Heat Exchanger
27	Hydraulic Accumulator
28	Intercooler
29	Mixer
30	Oven/Kiln
31	Purifier
32	Quench Gasifier
33	Radiator
34	Regeneration Blower
35	Retort
36	Scrubber
37	Separator
38	Steam Generator
39	Steam Turbines/Steam Engine
40	Stove
41	Strainer
42	Switchgear
43	Transformer
44	Turbine