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**TECHNICAL**

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**Direct Taxation**

**DEDUCTION FOR EXPENDITURE ON ISSUANCE OF SUKUK**

**[Income Tax \(Deduction For Expenditure On Issuance Of Sukuk\) Rules 2015 \[P.U.\(A\) 318-2015\]](#)**

The above Rules have been gazetted on 30 December 2015 and will have effect from YA 2016 to YA 2018.

**Definitions**

The following terms are defined in Rule 2:

Term	Meaning
company	A company resident in Malaysia and (a) incorporated under the Companies Act 1965; or (b) incorporated under the Labuan Companies Act 1990.
sukuk	Sukuk structured pursuant to – (a) the principle of <i>Ijarah</i> ; or (b) the principle of <i>Wakalah</i> , comprising a mixed component of asset and debt.

**Tax Incentive**

Under Rule 3, a deduction is allowed in ascertaining adjusted income from the business of a company for the basis period for a year of assessment, in an amount which is equal to the expenditure incurred by the company on the issuance of sukuk –

- (a) approved or authorized by, or lodged with, the Securities commission under the Capital Markets and Services Act 2007; or
- (b) approved by the Labuan Financial Services Authority established under the Labuan Financial Services Authority Act 1996.

Members may read the Rules in full at the official website of the [Attorney-General's Chambers](#).

You may write to the Institute at [technical@ctim.org.my](mailto:technical@ctim.org.my) or [secretariat@ctim.org.my](mailto:secretariat@ctim.org.my) in respect of any suggestions, concern or comments you may have on the [Rules](#) so that we may raise them to the LHDNM.

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