

**TECHNICAL**

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**Direct Taxation**

**EXEMPTION OF GAINS/PROFITS IN LIEU OF INTEREST FROM SUKUK WAKALA - INCOME TAX (EXEMPTION) (NO.2) ORDER 2016 [P.U.(A) 90/2016]**

The above Order was gazetted on 11 April 2016 and has effect from the year of assessment (YA) 2016.

**Exemption**

Income for the basis period for a YA in relation to gains or profits derived in lieu of interest, from the sukuk wakala in accordance with the principle of Wakala, is exempted from income tax.

S109 of the ITA (withholding tax on interest or royalty paid to a non-resident) is also not applicable to income exempted under this Order.

**Application**

The above exemption applies to sukuk wakala with the nominal value of up to US\$1,500,000,000, other than convertible loan stock, issued by Malaysia Sukuk Global Bhd. (formerly known as 1Malaysia Sukuk Bhd.)

The recipient of exempt income is not absolved from complying with requirements under the ITA to submit any return or statement of income or other information.

Members may read the Order in full at the official website of [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 [Order](#).

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