

TECHNICAL

Direct Taxation

1. [**INCOME TAX \(EXEMPTION\) ORDER 2018 \[P.U. \(A\) 38/2018\]**](#)
2. [**INCOME TAX \(EXEMPTION\) \(NO. 2\) ORDER 2018 \[P.U. \(A\) 48/2018\]**](#)

These Exemption Orders were gazetted on 14 February 2018 [P.U. (A) 38/2018] and 21 February 2018 [P.U. (A) 48/2018] respectively. The first Order is deemed to have come into operation from the year of assessment (YA) 2014 until YA 2015 and the second from YA 2016 until YA 2020. The following applies to both Orders.

Exemption [subparagraph 2(1)]

The person referred to in subparagraph 2(2) is exempted from the provisions of S54A(1) and (2) of the ITA and from payment of income tax on the statutory income for the basis period for a YA which is derived from a source of business income consisting of a Malaysian ship.

Persons eligible

Under subparagraph 2(2), the person eligible for the above exemption is a person who is resident in Malaysia and carries on the business of –

- (a) Transporting passengers or cargo by sea on a Malaysian ship; or
- (b) Letting out on charter a Malaysian ship owned by him on a voyage or time charter basis.

(Note: Under the prevailing S54A(1) of the ITA which was effective for YA 2012 and subsequent years of assessment, the person meeting the above eligibility criteria is exempted from tax on 70% his statutory income from that business for that YA. The [Income Tax \(Exemption\) \(No. 2\) Order 2012 \[P.U. \(A\) 167/2012\]](#), effective for YA 2012 until YA 2013, provided 100% exemption on the same income of the same qualifying person.)

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

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