

TECHNICAL

Direct Taxation

[INCOME TAX \(EXEMPTION\) \(NO. 4\) ORDER 2018 \[P.U. \(A\) 310/2018\]](#)

This Exemption Order was gazetted on 29 November 2018 (refer to our [e-CTIM TECH-DT 96/2018](#) dated 20 December 2018). It is deemed to have come into operation from the year of assessment (YA) 2018.

Application and Exemption

Exemption under this Order is applicable to a member institution specified in subsection 36(2) of the [Malaysian Deposit Insurance Corporation Act 2011](#) ("MDIC Act"). Exemption is granted under paragraph 3, which is summarized below:

Exemption under paragraph 3	
Subparagraph	Summary
(1)	A member institution (as specified) is exempted from payment of income tax in the basis period for a YA in respect of the statutory income (SI) of a shareholders' fund that is derived from a business as stated in subparagraph (2) which is equivalent to the <i>first levy</i> or <i>annual levy</i> paid from the shareholders' fund to the MDIC for that YA.
(2)	The "business" referred to above is a business in relation to: (a) a life fund; (b) a family fund; (c) a general fund; (d) any composite insurance business which consists of a life fund and a general fund; or (e) any composite takaful business which consists of a family fund and a general fund.
(3)	Any SI which is entitled to be exempted but is not granted exemption or not granted exemption in full due to absence or insufficiency of SI for a YA may be granted exemption in the first subsequent YA for the basis period in which the member institution has SI of a shareholders' fund that is derived from a business as stated in subparagraph (2), and for subsequent YAs until the whole amount of SI which is entitled to be exempted is granted exemption.
(4)	(a) "first levy" means any levy payable by the member institution to the MDIC under section 71 of the MDIC Act; and (b) "annual levy" means any levy payable by the member institution to the MDIC under sections 72 and 73 of the MDIC Act;

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

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