

TECHNICAL

Direct Taxation

1. [INCOME TAX \(EXEMPTION\) \(NO. 8\) ORDER 2019 \[P.U.\(A\) 205/2019\]](#)
2. [INCOME TAX \(DEDUCTION FOR PAYMENT OF EDUCATIONAL LOAN OF PERBADANAN TABUNG PENDIDIKAN TINGGI NASIONAL BY EMPLOYERS ON BEHALF OF EMPLOYEES\) RULES 2019 \[P.U.\(A\) 206/2019\]](#)

The provisions of the above Orders which were gazetted on 24 July 2019 are summarized below:

1. [P.U.(A) 205]

Para. #	Provision
1.	Citation and commencement Effective for the year of assessment 2019.
2.	Interpretation “Perbadanan” means the <i>Perbadanan Tabung Pendidikan Tinggi Nasional</i> (PTPTN) established under S5 of the PTPTN Act 1997 [Act 566]. “Educational loan” is a loan approved and issued by the <i>Perbadanan</i> under the PTPTN Act.
3	Application This Order applies to the following – <ul style="list-style-type: none"> • An employer who – <ul style="list-style-type: none"> - has sources of income consisting of a registered business only. • An employee who – <ul style="list-style-type: none"> - is a Malaysian citizen; - has received the educational loan from the <i>Perbadanan</i>
4	Exemption Income tax exemption is granted to an employee in respect of the value of benefit received by the employee as a gift from his employer in ascertaining his gross income from employment in the basis period (BP) for a year of assessment (YA). <ul style="list-style-type: none"> - The value of the “benefit” is the amount of educational loan (see para. 2) paid by the employer on behalf of the employee for the period starting from 1 January 2019 and ending on 31 December 2019. - To qualify for exemption, the employee must be employed on a full-time basis and he must not be a relative [as defined in subsubpara. 4(3)(b)] of the employer.
5.	The employee is not absolved from any requirements under the ITA to furnish a return of income or any other information.

2. [P.U.(A) 206]

Para. #	Provision
1.	Citation and commencement These Rules have effect for YA 2019 and YA 2020.
2.	Interpretation Same as in above Order.
3	Application Same as in above Order.
4.	Deduction In ascertaining the adjusted income of an employer from his business for the BP for a YA, a deduction is allowed for remuneration of the kind allowable under S33 of the ITA, equivalent to the amount of educational loan paid by the employer on behalf of the employee. <ul style="list-style-type: none">- The payment of the amount of loan must be made for the period starting 1 January 2019 and ending 31 December 2019.- The employer must keep an official receipt from the <i>Perbadanan</i> for verification of the amount paid and the date of payment.
5.	Conditions for deduction To qualify for deduction, the 2 conditions stated in the para 4 above as well as the following conditions must be met: - <ul style="list-style-type: none">- no payment must be imposed by the employer on the employee as a consideration for payment of the educational loan made by the employer to the <i>Perbadanan</i>;- the employee and the employer must not be the same person.- the employee is employed on a full-time basis.- the employee must not be a relative [as defined in subrule 5(d)] of the employer.

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

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