

e-CTIM TECH-DT 9/2021

21 January 2021

TO ALL MEMBERS

TECHNICAL

Direct Taxation

Income Tax Rules [P.U. (A) 5/2021] and Income Tax Order [P.U. (A) 6/2021]

P.U. (A)	Remarks (Please access the Rules for the full details)
<p>5/2021</p> <p>Income Tax (Deduction for Expenditure on Issuance of Sukuk and Retail Sukuk Structured Pursuant to the Principle of Wakalah) Rules 2021</p> <p>(Gazetted on 12 January 2021)</p>	<p><u>Deduction allowed</u></p> <p>For the purpose of ascertaining the adjusted income of a company from its business, a deduction shall be allowed on an amount equivalent to the total amount specified in rule 2(5) or 2(6) of the Rules as the case may be, in respect of the expenditure or additional expenses incurred by the company on the issuance of—</p> <ol style="list-style-type: none"> a sukuk structured pursuant to the principle of <i>Wakalah</i> comprising a mixed component of asset and debt— <ol style="list-style-type: none"> approved or authorized by, or lodged with, the Securities Commission Malaysia ("SCM") under the Capital Markets and Services Act 2007 ("CMSA"); or approved by the Labuan Financial Services Authority established under the Labuan Financial Services Authority Act 1996; and a retail sukuk structured pursuant to the principle of <i>Wakalah</i> comprising a mixed component of asset and debt, approved or authorized by the SCM under the CMSA. <p><u>With effect from</u></p> <p>Year of assessment ("YA") 2021 to YA 2025</p> <p><u>Further details</u></p> <p>See rule 2(2) to 2(7) of the Rules.</p> <p><u>Related reference</u></p> <ul style="list-style-type: none"> Appendix 33 of the 2020 Budget Speech.

References:

- [Income Tax \(Deduction for Expenditure on Issuance of Sukuk and Retail Sukuk Structured Pursuant to the Principle of Wakalah\) Rules 2021 \[P.U. \(A\) 5/2021\]](#); and
- Appendix 33 of the [2020 Budget Speech](#).

P.U. (A)	Remarks (Please access the Order for the full details)
<p>6/2021</p> <p>Income Tax (Exemption) (No. 7) 2011 (Amendment) Order 2021</p> <p>(Gazetted on 12 January 2021)</p>	<p><u>Amendment</u></p> <p>Income Tax (Exemption) (No. 7) Order 2011 [P.U. (A) 419/2011] (see our e-CTIM No. 75/2011 dated 29 December 2011) which exempts any individual who is a non-Malaysian citizen from the payment of income tax in respect of fees received by that individual in his capacity as a director of a Labuan entity from YA 2011 until YA 2020, is amended by extending the said exemption until YA 2025.</p> <p><u>With effect from</u> YA 2021</p> <p><u>Related references</u></p> <ul style="list-style-type: none"> • Income Tax Exemption for Labuan IBFC Circular dated 4 December 2020 (see our e-CTIM TECH 95/2020 dated 24 December 2020).

References:

- [Income Tax \(Exemption\) \(No. 7\) 2011 \(Amendment\) Order 2021 \[P.U. \(A\) 6/2021\]](#);
- [Income Tax \(Exemption\) \(No. 7\) Order 2011 \[P.U. \(A\) 419/2011\]](#);
- [e-CTIM No. 75/2011](#) dated 29 December 2011;
- [Income Tax Exemption for Labuan IBFC Circular dated 4 December 2020](#); and
- [e-CTIM TECH 95/2020](#) dated 24 December 2020.

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

You may write to the Institute at technical@ctim.org.my in respect of any suggestions, concern or comments you may have on the above Rules and Order.

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