

TO ALL MEMBERS

TECHNICAL

GUIDELINES ON APPLICATION FOR APPROVAL UNDER SECTION 44(6) OF THE INCOME TAX ACT 1967 FOR DONATIONS TO A SCHOOL FUND

Further to the 2012 Budget announcement (Paragraph 45 of the Budget Speech, refer to our [e-CTIM No.42/2012](#)) and the subsequent amendment by way of Income Tax (Amendment) Act 2012 (Act A1429) (refer to our [e-CTIM No.108/2012](#)), the Inland Revenue Board (IRB) issued ***Guidelines On Application For Approval Under Section 44(6) Of The Income Tax Act 1967 For Donations To A School Fund*** on 16 July, 2012.

The Guidelines provide guidance in respect of application for approval of a *public donation* fund for a school. Below are some of the salient points:

- The school must be registered with the Ministry of Education or the State Islamic Religious Council [*Majlis Agama Islam Negeri*] State Islamic Religious Department [*Jabatan Agama Islam Negeri*]
- The headmaster/headmistress or principal of the school shall make the application in writing for the approval under Section 44(6) for the Fund. He/she shall be responsible for the Fund and shall prepare separate accounts for the Fund.
- The funds received must be utilised for the purpose of learning and teaching/education (*pembelajaran dan pengajaran or P&P*) of the pupils of the school as laid down by the Education Ministry of Malaysia.
- Approval will only be granted for programs approved by the Education Policy Planning and Research Division [*Bahagian Perancang dan Penyelidikan Dasar Pendidikan*] (BPPDP), Education Ministry of Malaysia. An estimated expenditure together with quotations for each programme must be submitted to the Inland Revenue Board (IRB) for review. The IRB will inform the applicant of the amount approved.
- There is no special form for making an application for approval under subsection 44(6) of the ITA.
- Members of the Board of Governors of the school, their families and school staff should not enjoy the benefits from the Fund.
- At least 50 percent of the committee members of the Fund must be made up of parents of students.
- The approved Fund will be exempted from income tax on its income (except for income from dividends) under paragraph 13, Schedule 6 of the ITA.
- A donor to the approved Fund will be given a deduction for the donation in arriving at the donor's total income. Only cash donations supported by an official receipt from the school will be allowed for deduction. Donations in kind are not allowed.

For detailed information, members may [view the document](#) from the Institute's website or [IRB website](#).

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