

**GUIDELINES ON APPLICATION FOR
APPROVAL UNDER SECTION 44(6) OF THE INCOME TAX ACT 1967
FOR
A SCHOOL *PUBLIC CASH CONTRIBUTION FUND***

1. INTRODUCTION

Application for approval for Public Cash Contribution Fund [*Tabung Sumbangan Wang Awam*] (*TSUWA*)

- 1.1 In line with the government's focus on reducing the burden of expenditure for improving the facilities of a non-profit orientated school, [Section 44\(6\)](#) of the Income Tax Act 1967 (ITA) has been amended to allow a fund for public donations (*Tabung Sumbangan Wang Awam Sekolah, TSUWA*) to qualify for approval under that section. The fund is not a body or organization that is registered or approved under any authority.
- 1.2 The approval under Section 44(6) of the ITA will be granted to the *TSUWA*. The Headmaster/mistress or Principal of the school shall be responsible for the *TSUWA*.
- 1.3 In general, the income of a *TSUWA* will come from public donations.
- 1.4 The utilization of funds must be for the purpose of learning and teaching (*pembelajaran dan pengajaran or P&P*) of the pupils of a school as laid down by the Ministry of Education, Malaysia.
- 1.5 The Headmaster/mistress or Principal of the school must prepare accounts for the *TSUWA*, separately from the accounts of the school/Board of Governors/ Parent-Teacher Association.
- 1.6 Government schools need not apply for approval from the Director General of Inland Revenue (DGIR) because donations to a government school evidenced by an official Government receipt is a donation to the government that qualifies for deduction under Section 44(6) of the ITA.

2. PURPOSE

These Guidelines provide guidance on the meaning of *TSUWA*, criteria for approval, application procedures and other related matters

3. DEFINITION OF *TSUWA*

- 3.1 A *TSUWA* is a fund specifically set up for the purpose of learning and /teaching the pupils of a school as laid down by the Ministry of Education, Malaysia. A *TSUWA* established by a school should not be for profit but wholly for educational purposes in line with the provisions of [Section 44\(7\)\(aa\)](#) of the Income Tax Act 1967 (ITA) as stated below:

“an organization established and maintained exclusively to administer and augment a public or private fund established or held for the sole purpose of carrying out the objective in which the institution is operated or conducted.”

- 3.2 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*].

4. PROCEDURES AND REQUIREMENTS OF APPLICATION

- 4.1** Approval will only be granted for programs approved by Education Policy Planning and Research Division [*Bahagian Perancang dan Penyelidikan Dasar Pendidikan (BPPDP)*], Ministry of Education, Malaysia. An estimate of 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.
- 4.2** When the approved program comes to an end and there is intention to commence another program, a new application must be made by *TSUWA* for the new program.
- 4.3** There is no special form for making an application for approval under subsection 44(6) of the ITA.
- 4.4** The Headmaster/mistress or Principal must make an application in writing and submit the following:
- (i) Working paper on the establishment of the *TSUWA* with relevant information including the following:
 - a) Name and address of the *TSUWA*;
 - b) Objectives of the establishment of the *TSUWA*
 - c) List of all committee members with details of names, full addresses, identity card (IC) numbers; occupations and position held in the *TSUWA*;
 - d) Estimate of expenditure to be incurred on the program to be implemented;
 - e) Quotation (for expenditure) for the program to be implemented;
 - f) Management and control of use of funds of the *TSUWA*.
 - (ii) Registration documents of the school from the Ministry of Education of Malaysia or State Islamic Religious Council / State Islamic Religious Department;
 - (iii) List of approved Learning and Teaching [*P&P*] programs and list of Learning and Teaching [*P&P*] programs to be carried out with the establishment of the *TSUWA*.
 - (iv) Letter of approval for the program from:
*Pengarah
Bahagian Perancangan dan Penyelidikan Dasar Pendidikan
Kementerian Pelajaran Malaysia
Aras 1-4, Blok E8, Kompleks E
Pusat Pentadbiran Kerajaan Persekutuan
62604 Putrajaya.*
 - (v) Statement of accounts of the *TSUWA* for the last 2 years;
 - (vi) Copy of the resolution or minutes of the meeting of the Board of Governors relating to
 - (a) setting up of the *TSUWA*
 - (b) appointment of the committee of the *TSUWA* and
 - (c) approval for the working paper for the *TSUWA*.
- 4.5** The application must be submitted to:
- Ketua Pengarah
Lembaga Hasil Dalam Negeri Malaysia
Jabatan Dasar Percukaian
Aras 17, Menara Hasil
Pesiaran Rimba Permai, Cyber 8
63000 Cyberjaya, Selangor*

5. CRITERIA FOR APPROVAL

- 5.1 *Objective* – The *TSUWA* must be established in Malaysia solely for the purpose of Learning and Teaching [*P&P*] of the pupils of a school as laid down by the Ministry of Education, Malaysia. The *TSUWA* set up by a school must not be for seeking profits but solely for the educational benefits of the pupils of the school.
- 5.2 *Benefits* – Members of the Board of Governors of the school, their families and school staff should not enjoy the benefits from *TSUWA*. Those in positions of power and authority must not use their positions and authority for personal interest.
- 5.3 *Members of the TSUWA Committee* – At least 50 percent of the committee members of the *TSUWA* must be made up of parents of students.
- 5.4 *Statements of Accounts* – The *TSUWA* must submit financial statements to the DGIR (Tax Policy Department) not later than 3 months after termination of the Learning & Teaching [*P&P*] program.
- 5.5 *Prohibition* – The *TSUWA* must not be involved in any political activities or labour union movements and must not allow any finance, staff member, or property/premises to be used for such purposes.

6. OTHER MATTERS

- 6.1 A *TSUWA* approved under subsection 44(6) and a donor to an approved *TSUWA* will enjoy tax exemption and tax deduction as follows:
 - (i) Tax Exemption
An approved *TSUWA* will be exempted from income tax on its income (except for income from dividends) under paragraph 13, Schedule 6 of the ITA.
 - (ii) Tax Deduction
A donor to an approved *TSUWA* will be given a deduction for the donation in arriving at aggregate income. Only cash donations supported by an official receipt from the school will be allowed a deduction. Donations in kind are not allowed.
- 6.2 An official receipt must be issued for all donations received. The receipt should state:
 - (i) Name and address of the *TSUWA*
 - (ii) Serial number of the receipt
 - (iii) Date of receipt
 - (iv) Name of donor, IC number or company registration number of donor;
 - (v) Designation of the collector (e.g. Headmaster/mistress or Principal of the School);
 - (vi) Approval Reference number from IRB (i.e. file reference number).
- 6.3 Upon termination of the program, any balance of funds collected should be donated to the government or to any organization approved by the DGIR.

**Issued by Inland Revenue Board
16 July 2012**

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