



# **LAWS OF MALAYSIA**

**Act 761**

**FINANCE ACT 2014**

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## Act 761

### FINANCE ACT 2014

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# LAWS OF MALAYSIA

Act 761

## FINANCE ACT 2014

An Act to amend the Income Tax Act 1967, the Stamp Act 1949, the Petroleum (Income Tax) Act 1967, the Real Property Gains Tax Act 1976 and the Labuan Business Activity Tax Act 1990.

[ ]

**ENACTED** by the Parliament of Malaysia as follows:

### CHAPTER I

#### PRELIMINARY

##### **Short title**

1. This Act may be cited as the Finance Act 2014.

##### **Amendment of Acts**

2. The Income Tax Act 1967 [*Act 53*], the Stamp Act 1949 [*Act 378*], the Petroleum (Income Tax) Act 1967 [*Act 543*], the Real Property Gains Tax Act 1976 [*Act 169*] and the Labuan Business Activity Tax Act 1990 [*Act 445*] are amended in the manner specified in Chapters II, III, IV, V and VI respectively.

## CHAPTER II

## AMENDMENTS TO THE INCOME TAX ACT 1967

**Commencement of amendments to the Income Tax Act 1967**

**3.** (1) Sections 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 21, 22, 25, 26 and 30 have effect for the year of assessment 2014 and subsequent years of assessment.

(2) Sections 6, 20, 23, 24, 27, 28, 29, 31 and 32 come into operation on the coming into operation of this Act.

**Amendment of section 2**

**4.** The Income Tax Act 1967, which is referred to as the “principal Act” in this Chapter, is amended in subsection 2(1)—

(a) by inserting after the definition of “co-operative society” the following definition:

‘ “deferred annuity” means deferred annuity contracted on or after 1 January 2014 issued by insurers licensed under the Financial Services Act 2013 [*Act 758*] or takaful operators registered under the Islamic Financial Services Act 2013 [*Act 759*], and contains the Retirement Saving Standards approved by the Central Bank;’;

(b) by inserting after the definition of “partnership” the following definition:

‘ “permanent total disablement” has the same meaning assigned to it in the Employees’ Social Security Act 1969 [*Act 4*];’; and

(c) by inserting after the definition of “Securities Commission” the following definition:

‘ “serious disease” means acquired immunity deficiency syndrome, Parkinson’s disease, cancer, renal failure, leukaemia or other similar diseases;’.



**New section 4c**

**5.** The principal Act is amended by inserting after section 4B the following section:

**“Gains or profits from a business arising from stock in trade parted with by any element of compulsion**

**4c.** For the purpose of paragraph 4(a), gains or profits from a business shall include an amount receivable arising from stock in trade parted with by any element of compulsion including on requisition or compulsory acquisition or in a similar manner.”.

**Amendment of section 6**

**6.** Subsection 6(1) of the principal Act is amended by substituting for paragraph (l) the following paragraph:

“(l) subject to section 109G but notwithstanding any other provisions of this Act, income tax shall be charged for a year of assessment upon the income of an individual consisting of the total amount received in respect of withdrawal from a deferred annuity or a private retirement scheme where such withdrawal is made by that individual before reaching the age of fifty-five (other than by reason of permanent total disablement, serious disease, mental disability, death or permanently leaving Malaysia) at the appropriate rate as specified under Part XVI of Schedule 1.”.

**Amendment of section 18**

**7.** Section 18 of the principal Act is amended in the definition of “entertainment”, by inserting after the words “an employee of his” the words “, with or without any consideration paid whether in cash or in kind, in promoting or”.

**Amendment of section 21A**

8. Section 21A of the principal Act is amended—

- (a) in subsection (3), by substituting for the words “other than 31 December” the words “in a basis year”; and
- (b) by substituting for subsection (4) the following subsection:

“(4) Subject to subsections (5) and (6), where a company, limited liability partnership, trust body or co-operative society commences operation on a day in a basis year for a year of assessment (hereinafter referred to as the “first year of assessment”) and makes up its account—

- (a) for a period of less than twelve months ending on a day in that basis year, that period shall constitute the basis period for the first year of assessment;
- (b) for any period of months ending on a day in the immediately following basis year (hereinafter referred to as the “second basis year”), that period shall constitute the basis period for the year of assessment (hereinafter referred to as the “second year of assessment”) immediately following the first year of assessment, there shall be no basis period in relation to any of its sources of income for the first year of assessment; or
- (c) for a period of more than twelve months ending on a day in the basis year immediately following the second basis year, that period shall constitute the basis period for the year of assessment immediately following the second year of assessment and there shall be no basis period in relation to any of its sources of income for the first year of assessment and the second year of assessment.”.

**Amendment of section 24**

**9.** Subsection 24(1) of the principal Act is amended—

(a) in paragraph (a), by deleting the words “(or parted with on requisition or compulsory acquisition or in similar manner)”; and

(b) by inserting after paragraph (a), the following paragraph:

“(aa) any stock in trade parted with by any element of compulsion including on requisition or compulsory acquisition or in a similar manner, in or before the relevant period;”.

**Amendment of section 29**

**10.** Section 29 of the principal Act is amended by inserting after subsection (2) the following subsection:

“(3) For the purposes of this section, where gross income from a source in Malaysia of the relevant person consists of interest that relates to a loan—

(a) between persons one of whom has control over the other; or

(b) between persons both of whom are controlled by some other person,

the relevant person is deemed to be able to obtain on demand the receipt of such interest when such interest is due to be paid to the relevant person in the relevant period.”.

**Amendment of section 33**

**11.** Section 33 of the principal Act is amended by inserting after subsection (3) the following subsection:

“(4) For the purposes of paragraph (1)(a) and subsection (2), where any sum payable for a basis period for a year of assessment is not due to be paid in that period, the sum shall when it is due to be paid be deducted in arriving at the adjusted income of a person for that period.”.

**Amendment of section 39**

**12.** Section 39 of the principal Act is amended by inserting after subsection (1) the following subsection:

“(1A) Notwithstanding any provision of this Act, where a person is required under section 81 to furnish to the Director General any information within the time specified in a notice or such other time as may be allowed by the Director General, and that information concerns wholly or in part a deduction claimed by that person in arriving at the adjusted income of that person from any source for the basis period for a year of assessment, no deduction from the gross income from that source for that period shall be allowed in respect of such claim if the person fails to provide such information within the time specified in that notice or such extended time as allowed by the Director General.”.

**Amendment of section 44**

**13.** Subsection 44(7) of the principal Act is amended in the definition of “organization”—

- (a) in subparagraph (c)(i), by inserting after the word “improvement” the words “, purchase”;
- (b) in subparagraph (c)(i)(A), by inserting after the word “constructed” the words “or purchased”; and
- (c) in subparagraph (c)(i)(B), by inserting after the word “constructed” the words “or purchased”.

**Amendment of section 46**

**14.** Subsection 46(2) of the principal Act is amended by deleting the definition of “serious disease”.

**Amendment of section 49**

**15.** Section 49 of the principal Act is amended—

- (a) in paragraph (1D)(a), by substituting for the words “any deferred annuity” the words “premium for deferred annuity”; and

- (b) in subsection (3), by inserting after the words “subsection (1)” the words “and (1D)”.

**Amendment of section 60AA**

**16.** Section 60AA of the principal Act is amended—

- (a) in subparagraph (5)(b)(vi), by deleting the word “and” at the end of that subparagraph;
- (b) in subparagraph (5)(b)(vii), by substituting for the full stop at the end of that subparagraph the words “; and”;
- (c) by inserting after subparagraph (5)(b)(vii) the following subparagraph:
  - “(viii) management expenses incurred by him in that period in connection with his general business.”;
- (d) in subparagraph (7)(b)(vi), by deleting the word “and” at the end of that subparagraph;
- (e) in subparagraph (7)(b)(vii), by substituting for the full stop at the end of that subparagraph the words “; and”;
- (f) by inserting after subparagraph (7)(b)(vii) the following subparagraph:
  - “(viii) management expenses incurred by him in that period in connection with his general business.”;
- (g) in subparagraph (9)(b)(ii), by deleting the word “and” at the end of that subparagraph;
- (h) in subparagraph (9)(b)(iii), by substituting for the full stop at the end of that subparagraph the words “; and”;
- (i) by inserting after subparagraph (9)(b)(iii) the following subparagraph:
  - “(iv) commission payable and discounts allowed by him in that period in connection with his general business.”;
- (j) in subparagraph (10)(b)(ii), by deleting the word “and” at the end of that subparagraph;

- (k) in subparagraph (10)(b)(iii), by substituting for the full stop at the end of that subparagraph the words “; and”; and
- (l) by inserting after subparagraph (10)(b)(iii) the following subparagraph:
  - “(iv) commission payable and discounts allowed by him in that period in connection with his general business.”.

**Amendment of section 60F**

**17.** Subsection 60F(1) of the principal Act is amended by substituting for the words “dividend (whether exempt or not), interest” in the explanation for C in the formula the words “dividend and interest (whether such dividend or interest is exempt or not)”.

**Amendment of section 60H**

**18.** Subsection 60H(4) of the principal Act is amended by substituting for the words “dividend and interest (whether exempt or not)” in the explanation for C in the formula the words “dividend and interest (whether such dividend or interest is exempt or not)”.

**Amendment of section 63B**

**19.** Subsection 63B(1) of the principal Act is amended by substituting for the words “dividend (whether exempt or not), interest” in the explanation for C in the formula the words “dividend and interest (whether such dividend or interest is exempt or not)”.

**Amendment of section 75A**

**20.** Paragraph 75A(2)(b) of the principal Act is amended by substituting for the words “more than fifty” the words “not less than twenty”.

**Amendment of section 77A**

**21.** Section 77A of the principal Act is amended—

(a) by inserting after subsection (1) the following subsection:

“(1A) For the purposes of this section, a company shall furnish to the Director General a return in the prescribed form on an electronic medium or by way of electronic transmission in accordance with section 152A.”; and

(b) by inserting after subsection (3) the following subsection:

“(4) The return furnished by a company under this section shall be based on accounts audited by a professional accountant, together with a report made by that accountant which shall contain, in so far as they are relevant, the matters set out in subsections 174(1) and (2) of the Companies Act 1965.”.

**New section 77c**

**22.** The principal Act is amended by inserting after section 77B the following section:

**“Deduction of tax as final tax**

**77c.** (1) Notwithstanding section 77, where for a year of assessment an individual—

- (a) has income only in respect of gains or profits from an employment other than gains or profits in respect of the use or enjoyment of benefits provided by his employer under paragraph 13(1)(b) or (1)(c);
- (b) deductions have been made by his employer in accordance with subsection 107(2) in respect of such gains or profits;
- (c) the individual is employed by the same employer for a period of twelve months in that year of assessment;

- (d) such deductions are not borne by his employer for that year of assessment; and
- (e) that individual whose husband or wife has not made an election pursuant to section 45,

the individual may elect not to furnish a return for a year of assessment to the Director General in accordance with section 77.

(2) Where subsection (1) applies and no return for a year of assessment has been furnished by an individual in accordance with section 77—

- (a) an individual is deemed to have made an election under that subsection;
- (b) the total amount of tax deducted referred to under paragraph (1)(b) shall be deemed to be the amount of tax payable of that individual for that year of assessment; and
- (c) no assessment shall be made by the Director General in respect of that individual for that year of assessment.

(3) Notwithstanding subsections (1) and (2), the Director General shall have the power to make an assessment under subsection 90(3) or section 91 for any year of assessment and where an assessment is made by the Director General, the amount which is deemed to be the tax payable under paragraph (2)(b) shall be disregarded.”.

### **Amendment of section 99**

**23.** Section 99 of the principal Act is amended by inserting after subsection (3) the following subsection:

“(4) This section shall not apply to an assessment made under subsection 90(1) or section 91A, except where a person in respect of such assessment is aggrieved by the public ruling made under section 138A.”.



**Amendment of section 102**

**24.** Section 102 of the principal Act is amended—

- (a) in subsection (1), by substituting for the words “subsection (3)” the words “subsection (1A) or (3)”; and
- (b) by inserting after subsection (1) the following subsection:

“(1A) Where a person has made an application to invoke a mutual agreement procedure pursuant to an arrangement made under section 132 and the ground in which the application is made is similar with the appeal filed under this Act—

- (a) no appeal shall be sent forward to the Special Commissioners until the determination of the mutual agreement procedure;
- (b) the person may within thirty days from the determination of the mutual agreement procedure request to the Director General in writing to forward such appeal to the Special Commissioners; and
- (c) the Director General shall within three months after receiving the request send the appeal forward to the Special Commissioners.”.

**Amendment of section 107C**

**25.** Subsection 107C(4A) of the principal Act is amended—

- (a) in paragraph (a), by deleting the word “or” at the end of that paragraph;
- (b) in the proviso to paragraph (b), by substituting for the full stop at the end of that proviso the words “; or”; and
- (c) by inserting after paragraph (b) the following paragraph:

“(c) where the company has no basis period for that year of assessment and for the immediate following year

of assessment, for that year of assessment and the immediate two following years of assessment:

Provided that at the commencement of the operation and at the beginning of the immediate two following years of assessment the paid up capital of the company in respect of ordinary shares is two million five hundred thousand ringgit and less.”.

#### **Amendment of section 109E**

**26.** Subsection 109E(1) of the principal Act is amended by inserting after the words “section 60AA” the words “where such profits have been claimed as a deduction under subparagraph (3)(b)(ii), (4)(b)(ii), (5)(b)(vii) or (7)(b)(vii) of that section”.

#### **Amendment of section 109G**

**27.** Section 109G of the principal Act is amended—

- (a) in the shoulder note, by substituting for the words “contribution made to” the words “a deferred annuity or”;
- (b) by substituting for subsection (1) the following subsection:

“(1) Where a person (in this section referred to as “the payer”) makes payment to an individual (in this section referred to as “the recipient”) in relation to a withdrawal from a deferred annuity or a private retirement scheme before reaching the age of fifty-five (other than by reason of permanent total disablement, serious disease, mental disability, death or permanently leaving Malaysia) from a fund administered by that payer under a deferred annuity scheme or a private retirement scheme, the payer shall upon paying the amount, deduct from that amount, tax at a rate applicable to such payment, and (whether or not tax is so deducted) shall within one month after paying the amount render an account and pay the amount of that tax to the Director General:

Provided that the Director General may under special circumstances allow extension of time for the amount of tax deducted to be paid over.”; and

(c) by substituting for subsection (5) the following subsection:

“(5) In this section, “payer” refers to—

- (a) in the case of a deferred annuity, a life insurer or takaful operator licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013; or
- (b) in the case of a private retirement scheme, a private retirement scheme provider as approved under section 139Q of the Capital Markets and Services Act 2007 to provide and manage a private retirement scheme.”.

### **New section 132B**

**28.** The principal Act is amended by inserting after section 132A the following section:

#### **“Mutual administrative assistance arrangement**

**132B.** (1) Notwithstanding section 132 or 132A, if the Minister by statutory order declares that—

- (a) arrangements specified in the order have been made by the Government with the government of any territory outside Malaysia with a view to the mutual administrative assistance in tax matters which includes simultaneous tax examinations, automatic exchange of information or tax administrations abroad; and
- (b) it is expedient that those arrangements should have effect,

then, so long as the order remains in force, notwithstanding anything in any written law, those arrangements shall have effect in relation to tax under this Act or other taxes of every kind under written law.

(2) Any order made under this section shall be laid before the Dewan Rakyat.”.

**Amendment of section 140**

**29.** The principal Act is amended by inserting after subsection 140(2) the following subsection:

“(2A) In exercising his powers under this section, the Director General may require by notice any person to pay to him within the time specified in the notice the amount of tax that would be deducted by that person under this Act in consequence of his exercise of those powers.”.

**New section 140B**

**30.** The principal Act is amended by inserting after section 140A the following section:

**“Special provision applicable to loan or advances to director**

**140B.** (1) Without prejudice to the generality of section 140A and subject to this section, where in a basis period for a year of assessment, a company makes any loan or advances of any money from the internal funds of the company to a person who is a director of that company, the company shall be deemed to have a gross income consisting of interest from such loan or advances for that basis period.

(2) For the purposes of subsection (1), the interest for the basis period for that year of assessment shall be the aggregate sum of interest for all calendar months in the basis period and the sum of interest for each calendar month shall be determined in accordance with the following formula:

$$\frac{1}{12} \times A \times B$$

where    A    is the total amount of loan or advances outstanding at the end of the calendar month; and

          B    is the average lending rate of commercial banks published by the Central Bank at the end of the calendar month or where there is no such average lending rate, such other reference lending rate as may be prescribed by the Director General.

(3) Where in respect of a loan or advances referred to under subsection (1), interest is charged by the company and the total amount of interest charged and payable by the director to that company for the basis period for a year of assessment—

- (a) is more than the aggregate sum of interest under subsection (2) for that basis period, this section shall cease to apply; or
- (b) is less than the aggregate sum of interest under subsection (2) for that basis period, this section shall apply and the total amount of interest which is charged and payable to the company for that basis period shall be disregarded.

(4) For the purposes of this Act, “director” has the same meaning assigned to it under subsection 75A(2).”.

### **Amendment of Schedule 1**

**31.** Schedule 1 to the principal Act is amended by substituting for Part XVI the following Part:

#### **“PART XVI**

Notwithstanding Part I, income tax shall be charged for a year of assessment on the total amount received by an individual in respect of withdrawal from a deferred annuity or a private retirement scheme where such withdrawal is made before that individual reaches the age of 55 (other than by reason of permanent total disablement, serious disease, mental disability, death or permanently leaving Malaysia) at the rate of 8 per cent on every ringgit of that contribution withdrawn.”.

### **Amendment of Schedule 3**

**32.** Schedule 3 to the principal Act is amended—

- (a) by inserting after paragraph 38A the following paragraph:

“**38B.** Paragraphs 39 and 40 shall apply where a partnership or a company is converted into a limited liability partnership in accordance with section 29 or 30 of the Limited Liability Partnerships Act 2012 and the partnership or that company disposes of an asset to that limited liability partnership in relation to which an initial or annual allowance has been made or would have been made, if claimed by the partnership or the company.”;

- (b) in paragraph 40, by inserting after the words “38A,” the words “38B,”; and
- (c) by inserting after paragraph 76 the following paragraph:

“**76A.** Where in a year of assessment a partnership or a company is converted into a limited liability partnership in accordance with section 29 or 30 of the Limited Liability Partnerships Act 2012, the limited liability partnership shall not be entitled to an allowance under this Schedule in relation to an asset which is transferred to that limited liability partnership for that year of assessment unless for that year of assessment no allowance in relation to that asset has been claimed by the partners of that partnership or that company in accordance with paragraph 77.”.

### CHAPTER III

#### AMENDMENTS TO THE STAMP ACT 1949

#### **Commencement of amendments to the Stamp Act 1949**

**33.** This Chapter commences on the coming into operation of this Act.

#### **Amendment of section 9**

**34.** Section 9 of the principal Act is amended by substituting for subsection (7) the following subsection:

“(7) For the purpose of subsection (6), the person mentioned in subsection (1) shall keep and retain the books, records and documents in connection with the issue of such instruments referred to in paragraph 1(a), (b) or (c) for a period of seven years from the year in which such instruments are issued.”.

#### **Amendment of section 47A**

**35.** Subsection 47A(2) of the principal Act is amended by substituting for the words “paragraph 9(1)(c)” the words “subsection 9(3)”.

## CHAPTER IV

## AMENDMENTS TO THE PETROLEUM (INCOME TAX) ACT 1967

**Commencement of amendments to the Petroleum (Income Tax) Act 1967**

**36.** (1) Sections 37, 38, 40, 42 and 43 shall have effect for the year of assessment 2014 and subsequent years of assessment.

(2) Sections 39 and 41 come into operation on the coming into operation of this Act.

**Amendment of section 2**

**37.** The Petroleum (Income Tax) Act 1967, which is referred to as the “principal Act” in this Chapter, is amended in subsection 2(1), in the definition of “entertainment” by inserting after the words “an employee of his” the words “, with or without any consideration paid whether in cash or in kind, in promoting or”.

**Amendment of section 30**

**38.** Section 30 of the principal Act is amended by inserting after subsection (2) the following subsection:

“(3) The return furnished by the chargeable person under this section shall be based on accounts audited by a professional accountant, together with a report made by that accountant which shall contain, in so far as they are relevant, the matters set out in subsections 174(1) and (2) of the Companies Act 1965.”.

**Amendment of section 46**

**39.** Section 46 of the principal Act is amended—

(a) in subsection (1), by inserting after the words “Subject to subsection” the words “(1A) or”; and

(b) by inserting after subsection (1) the following subsection:

“(1A) Where a person has made an application to invoke a mutual agreement procedure pursuant to an arrangement under section 65A and the ground in which the application is made is similar with the appeal filed under this Act—

- (a) no appeal shall be sent forward to the Special Commissioners until the determination of the mutual agreement procedure;
- (b) the person may within thirty days from the determination of the mutual agreement procedure request to the Director General in writing to forward such appeal to the Special Commissioners; and
- (c) the Director General shall within three months after receiving the request send the appeal forward to the Special Commissioners.”.

## **New Chapter 1A**

**40.** The principal Act is amended by inserting after section 71 the following Chapter:

### *“Chapter 1A—Ruling*

#### **Advance Pricing Arrangement**

**71A.** (1) Subject to this section and any rules prescribed under this Act, on the application made to the Director General by any chargeable person who carries out a cross border transaction—

- (a) the Director General may enter into an advance pricing arrangement with that chargeable person; or
- (b) in the case where section 65A applies, the competent authorities may enter into an advance pricing arrangement,



in order to determine the transfer pricing methodology to be used in any future apportionment or allocation of income or deduction to ensure the arm's length transfer prices in relation to that transaction.

(2) An application under subsection (1) shall be made in the prescribed form and shall contain particulars as may be required by the Director General.

(3) The transactions referred to in subsection (1) shall be construed as a transaction between—

- (a) companies one of which has control over the other; or
- (b) companies both of which are controlled by some other person.

(4) In this section, “transaction” has the same meaning assigned to it under subsection 72(7).

(5) In the case of a petroleum agreement, chargeable person referred to under subsection (1) shall refer to the person in that agreement that enters into a transaction with another company where it has control in accordance with subsection (3).”.

#### **Amendment of section 72A**

**41.** Section 72A of the principal Act is amended by inserting after subsection (6) the following subsection:

“(7) In the case of a petroleum agreement, chargeable person referred to under subsection (2), (3) or (4) shall refer to the person in that agreement that enters into a transaction with another company where it has control in accordance with subsection (5).”.

#### **Amendment of section 83**

**42.** Subsection 83(1) of the principal Act is amended by inserting after paragraph (ba) the following paragraph:

“(bb) providing for the scope and procedure applied in relation to any arrangement made under section 71A;”.

### Amendment of First Schedule

**43.** Paragraph 3A of the First Schedule to the principal Act is amended—

(a) in subparagraph (1), by substituting for the proviso to that paragraph the following proviso:

“Provided that—

- (a) the original parties to the petroleum agreement are the same; and
- (b) the amount of qualifying exploration expenditure of the first mentioned chargeable person is from an agreement area where chargeable petroleum is not being produced.”; and

(b) by substituting for subparagraph (2) the following subparagraph:

“(2) The amount of qualifying exploration expenditure incurred by the first-mentioned chargeable person to be allowed as deduction against the gross income of the second-mentioned chargeable person shall be determined in accordance with the following formula:

$$\frac{A}{B} \times C$$

- where
- A is the gross income of the second-mentioned chargeable person from a petroleum operation;
  - B is the total gross income of the second-mentioned chargeable person from petroleum operations; and
  - C is the qualifying exploration expenditure; and

in the case where the qualifying exploration expenditure exceeds the amount of gross income of petroleum operations or the gross income in respect of a petroleum operation of the second-mentioned chargeable person, the excess of the expenditure shall be allowed to be deducted from the gross income of that petroleum operations for the subsequent years of assessment of the second-mentioned chargeable person and any excess thereof shall not be used by another chargeable person in another petroleum agreement where the original parties to the petroleum agreement are the same.”.

## CHAPTER V

## AMENDMENTS TO THE REAL PROPERTY GAINS TAX ACT 1976

**Commencement of amendments to the Real Property Gains Tax Act 1976**

**44.** (1) Sections 45, 46, 47 and 48 come into operation on the coming into operation of this Act.

(2) Section 49 shall have effect from 1 January 2014.

**Amendment of section 14**

**45.** Section 14 of the principal Act is amended by inserting after subsection (5) the following subsection:

“(6) For the purpose of subsection (5), “tax payable” means the amount of tax charged on the chargeable gain excluding any allowable loss referred to under subsection 7(4).”.

**Amendment of section 15**

**46.** Section 15 of the principal Act is amended by inserting after subsection (4) the following subsection:

“(5) For the purpose of subsection (4), “tax payable” means the amount of tax charged on the chargeable gain excluding any allowable loss referred to under subsection 7(4).”.

**Amendment of section 29**

**47.** Section 29 of the principal Act is amended by inserting after subsection (3) the following subsection:

“(4) For the purpose of subsection (3), “tax which is payable” means the amount of tax charged on the chargeable gain excluding any allowable loss referred to under subsection 7(4).”.

**Amendment of Schedule 1**

**48.** Subsubparagraph 5(4)(b) of Schedule 1 to the principal Act is amended by substituting for the words “more than fifty” the words “not less than twenty.”.

**Amendment of Schedule 5**

**49.** Schedule 5 to the principal Act is amended—

(a) in Part I, in the column “Category of disposal”—

- (i) in item no. 1, by substituting for the word “two” the word “three”;
- (ii) in item no. 2, by substituting for the word “third” the word “fourth”;
- (iii) in item no. 3, by substituting for the word “fourth” the word “fifth”; and
- (iv) in item no. 4, by substituting for the word “fifth” the word “sixth”;

(b) in Part I, in the column “Rate of tax” in item no. 4, by substituting for the words “5 per cent” the word “Nil”; and

(c) in Part II, in the column “Category of disposal”—

- (i) in item no. 1, by substituting for the word “two” the word “three”;
- (ii) in item no. 2, by substituting for the word “third” the word “fourth”;
- (iii) in item no. 3, by substituting for the word “fourth” the word “fifth”; and
- (iv) in item no. 4, by substituting for the word “fifth” the word “sixth”.

## CHAPTER VI

AMENDMENTS TO THE LABUAN BUSINESS ACTIVITY  
TAX ACT 1990**Commencement of amendments to the Labuan Business Activity  
Tax Act 1990**

**50.** Sections 51 and 52 come into operation on the coming into operation of this Act.

**Amendment of section 21**

**51.** The Labuan Business Activity Tax Act 1990, which is referred to as the “principal Act” in this Chapter, is amended by substituting for section 21 the following section:

**“Power to make regulations**

**21.** The Minister may make regulations generally for the purpose of carrying out, or giving effect to, the provisions of this Act.”.

**New section 21A**

**52.** The principal Act is amended by inserting after section 21 the following section:

**“Forms**

**21A.** The Director General may, in such manner as seems to him to be appropriate, prescribe such forms as are required by this Act to be prescribed and such other forms as he considers ought to be prescribed in connection with the operation of this Act and authorize the use of a suitable substitute form for any form so prescribed.”.

