

INCOME TAX (DEDUCTION FOR THE SPONSORSHIP OF SCHOLARSHIP TO MALAYSIAN STUDENTS PURSUING STUDIES AT THE TECHNICAL AND VOCATIONAL CERTIFICATE LEVELS) RULES 2021

PU (A) 503
31 December 2021

IN exercise of the powers conferred by paragraph 154(1)(b) read together with paragraph 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

CITATION AND COMMENCEMENT

- 1(1)** These rules may be cited as the **Income Tax (Deduction for the Sponsorship of Scholarship to Malaysian Student Pursuing Studies at the Technical and Vocational Certificate Levels) Rules 2021**.
- 1(2)** These Rules are deemed to have effect from the year of assessment of 2015.

APPLICATION

- 2** These Rules shall apply to a company—
- (a)** which is incorporated under the Companies Act 2016 [Act 777] and resident in Malaysia;
 - (b)** which sponsors scholarship to student pursuing full-time course of study at technical and vocational certificate levels in an institution; and
 - (c)** which executes scholarship agreement with a student on or after 11 October 2014 but not later than 31 December 2016.

INTERPRETATION

- 3** In these Rules –
- “institution” means any institution recognized by the Malaysian Qualifications Agency or the Skills Development Department;
- “student” means an individual—
- (a)** who is a Malaysian citizen and resident in Malaysia;
 - (b)** who receives full-time course of study at technical or vocational certificate levels in an institution;
 - (c)** who has no means of his own; and
 - (d)** whose parents or guardians have total monthly income not exceeding five thousand ringgit.

DEDUCTION

- 4(1)** For the purpose of ascertaining the adjusted income of a company from its business in a basis period for a year of assessment, a deduction shall be allowed for an amount of expenses incurred and paid by that company in that basis period for sponsoring scholarship to a student in accordance with the period of the relevant sponsorship agreement.
- 4(2)** The total amount of deduction allowed under subrule (1) shall be equivalent to twice the amount of expenses allowed under this rule.
- 4(3)** The expenses referred to in subrule (1) are the expenses incurred in respect of sponsorship of scholarship which consist of—
- (a)** payment required by the relevant institution relating to the course of study; and
 - (b)** educational aid and reasonable cost of living expenses throughout the student's period of study at the relevant institution.
- 4(4)** Where the total amount of any expenses which would have been allowed as a deduction under this rule exceeds the amount which in the opinion of the Director General of Inland Revenue would reasonably be expected to be incurred in the ordinary course of business, the Director General of Inland Revenue may to the extent of that excess, disallow that amount as a deduction under these Rules.
- 4(4)** Any amount refunded by the student to the company shall, when received, be treated as gross income of that company from the business derived from Malaysia in the basis period for that year of assessment.