

INCOME TAX (EXEMPTION) (NO. 8) ORDER 2021

PU (A) 284
29 June 2021

IN exercise of the powers conferred by paragraph 127(3)(b) 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 (Exemption) (No. 8) Order 2021**.
- 1(2)** This Order has effect from the year of assessment 2021 until the year of assessment 2023.

INTERPRETATION

2 In these Rules —

“foreign investors” means —

- (a) individuals who are not resident in Malaysia or not citizen of Malaysia;
- (b) companies where the entire issued share capital is beneficially owned, directly or indirectly by any person who are not resident in Malaysia and not citizen of Malaysia; and
- (c) trust funds where the entire interest in the fund is beneficially held, directly or indirectly by foreign investors, where —
 - i. the fund is created in Malaysia or outside Malaysia; and
 - ii. the trustees of the fund are not resident in Malaysia and not citizens of Malaysia;;

“Securities Commission Malaysia” means the Securities Commission Malaysia established under section 3 of the Securities Commission Malaysia Act 1993 [Act 498];

“company” means a company which —

- (a) is incorporated under the Companies Act 2016 [Act 777];
- (b) is resident in Malaysia; and
- (c) holds a Capital Markets Services Licence under the Capital Markets and Services Act 2007 [Act 671] to carry on the business referred to in subparagraph 3(1).

EXEMPTION

- 3(1)** The Minister exempts a company from the payment of income tax in a basis period for a year of assessment in respect of the statutory income derived from a business of providing fund management services to foreign investors in Malaysia.
- 3(2)** An exemption granted under subparagraph (1) shall be subject to the company obtaining annual certification from the Securities Commission Malaysia that the following conditions have been fulfilled namely the company—

- (a) provides fund management services to foreign investors in Malaysia in accordance with Shariah principles;
 - (b) has at least two full-time employees in Malaysia of which one of the employees holds a Capital Markets Services Representative's Licence under the Capital Markets and Services Act 2007; and
 - (c) incurs annual operating expenditure of at least two hundred and fifty thousand ringgit (RM250,000.00) in Malaysia.
- 3(3)** Nothing in subparagraph (1) shall absolve or be deemed to have absolved the company from complying with any requirement to submit any return or statement of accounts or to furnish any other information under the Act.

SEPARATE ACCOUNT

- 4** The company shall maintain a separate account for the income derived from the business referred to in subparagraph 3(1) in the basis period for each year of assessment and that income shall be treated as a separate and distinct source of business for the company.

APPLICATION OF PARAGRAPHS 5 AND 6 OF SCHEDULE 7A TO THE ACT

- 5** Paragraphs 5 and 6 of Schedule 7A to the Act shall apply, *mutatis mutandis*, to the amount of statutory income exempted under subparagraph 3(1).

NON-APPLICATION

- 6** Section 60G of the Act shall not apply to statutory income exempted under this Order.