



Tax Flash



March 2011

Finance Act 2011

The Finance Act 2011 has been gazetted on 27th January 2011 to take effect the announcement made in the 2011 Budget with one notable change.

In the 2011 Budget, it was announced that relief of up to RM5,000 on medical expenses for parents be extended to include special needs or carer expenses incurred by an individual for his parents and the claim must be evidenced by certification of a medical practitioner.

Compared to the Finance (No. 2) Bill 2010, three additional conditions have been included in the Finance Act 2011 for claiming the above relief by an individual as follows:-

- i. "parents" shall be individuals resident in Malaysia;
- ii. the medical treatment and care services are provided in Malaysia; and
- iii. the medical practitioner is registered with the Malaysian Medical Council.

Amendment to Incentive for Forest Plantation Project

Under the Income Tax (Exemption) (No.11) Order 2009, a company that undertakes the first forest plantation project:-

- i. is exempted from payment of income tax for 10 consecutive years of assessment ["exempt years of assessment"] commencing from the first year of assessment in which the company derived statutory income from that project; and
- ii. is allowed to surrender its adjusted loss from any year of assessment prior to exempt years of assessment to one or more of its related companies ["group relief"].

To be eligible for the above, the application to undertake the forest plantation project must be made to the Minister of Finance ["the Minister"] charged with the responsibility for that project on or after 21st May 2003 but not later than 31st December 2011 pursuant to the above order.

Hyperlinks

Advent Consulting Group
Inland Revenue Board

References

Finance Act 2011



The Income Tax (Exemption) (No.11) (Amendment) Order 2011 has been gazetted to amend the above requirement such that the application for the project must be made to the Minister charged with the responsibility for that project on or after 21st May 2003 but not later than 31st December 2005.

After 31st December 2005, companies may rely on the Income Tax (Exemption) (No. 10) Order 2009 which also provides for exemption from payment of income tax for a period of 10 consecutive years of assessment in respect of an approved forest plantation project for which the application to undertake the first forest plantation project must be made to the Minister charged with the responsibility for that project on or after 21st May 2003 but not later than 31st December 2011. However, the benefit of group relief is not available under the said order.

Stamp Duty Exemption on Renewal of Islamic Revolving Financing Facility

Pursuant to the Stamp Duty (Exemption) (No. 2) Order 2011, all instruments executed between a customer and a financier in accordance with the principles of *Syariah* as approved by the *Shariah* Advisory Council on Islamic Finance established under the Central Bank of Malaysia Act 2009 for the purpose of renewing any Islamic revolving financing facility are exempted from stamp duty if the instrument for the existing Islamic revolving financing facility had been duly stamped.

This order revokes the Stamp Duty (Exemption) (No. 40) Order 2002.

Stamp Duty Remission on Rescheduling and Restructuring of Islamic Revolving Financing Facility

Pursuant to the Stamp Duty (Remission) Order 2011, the stamp duty on any instrument relating to an Islamic financing facility executed between a customer and a financier for the purpose of rescheduling and restructuring any existing Islamic financing facility is remitted to the extent of the duty that shall be payable on the balance of the principal amount of the existing Islamic financing facility, provided that the instrument for the existing Islamic financing facility had been duly stamped.

This order revokes the Stamp Duty (Remission) (No. 6) Order 2002.

Income Tax (Exemption)
(No.11) (Amendment)
Order 2009

Stamp Duty (Exemption)
(No. 2) Order 2011

Stamp Duty (Remission)
Order 2011

Stamp Duty Exemption on Instruments Executed by Labuan Corporation

Pursuant to the Stamp Duty (Exemption) Order 2011, all instruments executed by Labuan Corporation where the duty due would ordinarily be payable by Labuan Corporation are exempted from stamp duty.

Stamp Duty (Exemption)
Order 2011

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