

INCOME TAX (DEDUCTION FOR EXPENDITURE ON ISSUANCE OF AGRO SUKUK) RULES 2013

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IN exercise of the powers conferred by paragraph 154(1)(b) and 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 Expenditure on Issuance of Agro Sukuk) Rules 2013**.
- 1(2) These Rules shall have effect from the year of assessment 2013 until the year of assessment 2015.

DEDUCTION

- 2(1) For the purpose of ascertaining the adjusted income of a company resident in Malaysia from its business in the basis period for a year of assessment, a deduction shall be allowed for expenditure incurred by the company on the issuance of an Agro Sukuk approved or authorized by the Securities Commission under the Capital Markets and Services Act 2007 [Act 671].
- 2(2) The Agro Sukuk referred to in subrule (1)—
 - (a) has the same meaning assigned to the definition of “sukuk” in the Guidelines on Sukuk issued by the Securities Commission pursuant to section 377 of the Capital Markets and Services Act 2007;
 - (b) shall be any sukuk issued or offered in accordance with the principles of *Musyarakah*, *Mudharabah*, *Wakalah bi al-Istithmar* and *Ijarah* as provided in the Guidelines on Sukuk issued by the Securities Commission pursuant to section 377 of the Capital Markets and Services Act 2007; and
 - (c) in which seventy percent of proceeds raised from the issuance or offering of the sukuk are used for the following purposes:
 - (i) funding a business in the agriculture sector (excluding working capital);
 - (ii) acquiring a business in the agriculture sector; or
 - (iii) both activities referred to in subparagraphs (i) and (ii).
- 2(3) The sukuk issued or offered in accordance with the principle of *Wakalah bi al-Istithmar* referred to in paragraph (2)(b) shall consist of a mixed component of debt and assets.
- 2(4) A business in the agriculture sector referred to in paragraph (2)(c) means a business of conducting operations or business activity in relation to the following:
 - (a) cultivating, planting, harvesting or nurturing oil palm, rubber, paddy, fruits, vegetables, coconut, sugarcane, tea, flowers, pepper or cocoa;

- (b) rearing or breeding livestock;
- (c) cultivating, breeding, nurturing or catching fish or other aquatic animals; and
- (d) cultivating, planting, harvesting or nurturing other crops.

2(5) The total amount of deduction allowed under subrule (1) shall be equivalent to twice the amount of expenditure allowed under these Rules.

DISQUALIFICATION FROM DEDUCTION

3 A company in the basis period for a year of assessment shall not qualify for the deduction under these Rules where for that year of assessment the company has made a claim for a deduction for expenditure on the issuance of sukuk referred to in subrule 2(1), under any Rules made under section 154 of the Act.