

# **INCOME TAX (EXEMPTION) (NO. 3) ORDER 2013**

PU (A) 13

11 January 2013

IN exercise of the powers conferred by paragraph 127(3)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following order:

## **CITATION AND COMMENCEMENT**

1(1) This order may be cited as the **Income Tax (Exemption) (No. 3) Order 2013**.

1(2) This Order has effect from the year of assessment 2013.

## **APPLICATION**

2 This Order shall apply to a person in respect of business of his is in relation to the provision and maintenance of a kindergarten registered with the Ministry of Education Malaysia.

## **NON-APPLICATION**

3 This Order shall not apply to a kindergarten which is integrated with a private primary school.

## **EXEMPTION**

4(1) The Minister exempts a person referred to in paragraph 2 from the payment of income tax in respect of a statutory income derived from the business of a kindergarten for the period of five consecutive years of assessment (the exempt years of assessment) commencing from—

- (a) the year of assessment 2013 in relation to an existing kindergarten; or
- (b) the first invoice issued by a kindergarten that commences its business from the year of assessment 2013.

4(2) The statutory income referred to in subparagraph (1) in the basis period for each of the exempt year of assessment shall be determined after deducting allowances which fall to be made under Schedule 3 to the Act notwithstanding that no claim for such allowances has been made.

4(3) Where an asset used for the purpose of that statutory income is also used for the purpose of ascertaining other business income or other sources of income, then the allowances which fall to be made under Schedule 3 to the Act shall be deducted as is reasonable having regard to the extent to which the asset is used for the purpose of the statutory income.

4(4) Nothing in subparagraph (1) shall absolve or is deemed to absolve the person from complying with any requirement to submit any return or statement of accounts or to furnish any other information under the provision of the Act.

## **LOSSES**

**5(1)** Any amount of adjusted loss incurred—

- (a) from the year of assessment in the basis period in which the income referred to in paragraph 4 has commenced until the year of assessment immediately prior to the exempt years of assessment; and
- (b) during the exempt years of assessment,

shall be carried forward and deducted against the statutory income of that source of income referred to in paragraph 4 in its post-exempt years of assessment until utilized the whole amount of the adjusted loss to which it is so entitled.

**5(2)** Such adjusted loss that was utilized to reduce the statutory income shall be disregarded for the purposes of subsections 43(2) and 44(2) of the Act.

## **SEPARATE SOURCE AND ACCOUNT**

**6(1)** Where the person who is exempted under paragraph 4 carries on the business other than the provision and maintenance of a kindergarten, the income derived from that business shall be treated as a separate and distinct business source of that person.

**6(2)** The person who is exempted under paragraph 4 shall maintain a separate account for—

- (a) the income derived from the business in respect of the provision and maintenance of a kindergarten referred to in paragraph 4; and
- (b) the income derived from the business other than the provision and maintenance of a kindergarten.