

# **INCOME TAX (EXEMPTION FOR MALAYSIAN SHIP) ORDER 2024**

PU (A) 184  
5 July 2024

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 for Malaysian Ship) Order 2024**.
- 1(2)** This Order has effect from the year of assessment 2024 to the year of assessment 2026.

## **EXEMPTION**

- 2(1)** The Minister exempts a person who is resident in Malaysia and carries on the business of transporting passengers or cargo by sea on a Malaysian ship or letting out on charter a Malaysian ship owned by him on a voyage or time charter basis in the basis period for a year of assessment from—
- (a) the application of subsections 54A(1) and (2) of the Act; and
  - (b) the payment of income tax in respect of the statutory income derived from a source of business consisting of a Malaysian ship.
- 2(2)** For the purposes of this Order, the person referred to in subparagraph (1) shall obtain an annual verification from the Ministry of Transport as follows:
- (a) the person incurs annual operating expenditure of at least two hundred and fifty thousand ringgit (RM250,000.00) for each Malaysian ship; and
  - (b) the person has an adequate number of full-time employees in Malaysia for each Malaysian ship—
    - (i) in relation to shore employees, at least four of the following employees and majority of the employees shall be Malaysian citizens:
      - (A) a chief executive officer;
      - (B) an administrative and finance officer;
      - (C) an operating officer; and
      - (D) an officer having charge of the health, protection, safety and environmental affairs; and
    - (ii) in relation to employees who are ship personnel under Part III of the Merchant Shipping Ordinance 1952 [Ord. 70/1952], the employees shall be subject to the minimum requirement as specified in the Safe-Manning Certificate issued by the Marine Department of Malaysia.

**2(3)** Nothing in this paragraph shall absolve or is deemed to have absolved the person referred to in this paragraph from complying with any requirement to submit any return or statement of account or to furnish any other information under the Act.