

INCOME TAX (EXEMPTION)(NO.6) ORDER 2022

PU (A) 235
19 July 2022

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.6) Order 2022**.
- 1(2) This Order is deemed to have effect from 1 January 2022 until 31 December 2026.

APPLICATION

- 2 This Order shall apply to a qualifying person who has dividend income received in Malaysia from outside Malaysia

INTERPRETATION

- 3 In this Order –

“a qualifying person” means a person resident in Malaysia who is —

- (a) an individual who has dividend income received in Malaysia from outside Malaysia in relation to a partnership business in Malaysia;
- (b) a limited liability partnership which is registered under the Limited Liability Partnerships Act 2012 [Act 743]; or
- (c) a company which is incorporated or registered under the Companies Act 2016 [Act 777].

“dividend income received in Malaysia from outside Malaysia” means dividend income arising from outside Malaysia which is brought into Malaysia.

EXEMPTION

- 4(1) The Minister exempts a qualifying person from the payment of income tax in respect of the gross income of that qualifying person from dividend income which is received in Malaysia from outside Malaysia in the basis period for a year of assessment.
- 4(2) The dividend income exempted under subparagraph (1) shall—
- (a) have been subjected to tax of a similar character to income tax under the law of the territory which the income arises; and
 - (b) the highest rate of tax of a similar character to income tax charged under the law of the territory which the income arises at that time is not less than fifteen per cent.
- 4(3) For the purpose of subparagraphs (1) and (2), the dividend income is regarded as has been subjected to tax of a similar character to income tax where the dividend income received in Malaysia by the qualifying person complies with the conditions imposed by the Minister as specified in the guidelines on tax treatment in relation to income which is received from abroad issued by the Inland Revenue Board of Malaysia.

- 4(4)** Any deduction in relation to the income exempted under this paragraph shall be disregarded for the purpose of ascertaining the chargeable income of the qualifying person.
- 4(5)** Nothing in subparagraph (1) shall absolve or be deemed to have absolved a qualifying person from complying with any requirement to submit any return or statement of accounts or to furnish any other information under the provisions of the Act.

NON-APPLICATION

- 5** This Order shall not apply to a person carrying on the business of banking, insurance or sea or air transport.