

INCOME TAX (EXEMPTION) (NO. 3) ORDER 2018

P.U (A) 251

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:

PARAGRAPH 1 CITATION AND COMMENCEMENT

1(1) This order may be cited as the **Income Tax (Exemption) (No. 3) Order 2018**.

1(2) This Order is deemed to have come into operation from the year of assessment 2017 until the year of assessment 2020.

PARAGRAPH 2. INTERPRETATION

In this Order—

"qualifying ringgit account" means an account of investment made in Ringgit Malaysia relating to the business of a qualifying person and approved by the Central Bank of Malaysia;

"qualifying person" means—

(a) the International Currency Business Unit in—

(i) an Islamic bank licensed under the Islamic Financial Services Act 2013 [Act 759] which carries on Islamic banking business in any currencies other than Ringgit Malaysia;

(ii) a licensed institution or authorized under the Financial Services Act 2013 [Act 758] which carries on Islamic banking business in any currencies other than Ringgit Malaysia; or

(iii) a licensed takaful operator under the Islamic Financial Services Act 2013 which carries on takaful business in any currencies other than Ringgit Malaysia;

(b) a licensed international Islamic bank under the Islamic Financial Services Act 2013 which carries on Islamic banking business in any currencies other than Ringgit Malaysia; or

(c) a licensed international takaful operator under the Islamic Financial Services Act 2013 which carries on a takaful business in any currencies other than Ringgit Malaysia,

approved by the Central Bank of Malaysia.

PARAGRAPH 3 EXEMPTION

3(1) The Minister exempts a qualifying person in the basis period for a year of assessment from the payment of income tax in respect of statutory income derived from the business of the qualifying person and the qualifying ringgit account.

3(2) Nothing in subparagraph (1) shall absolve or be deemed to have absolved the qualifying person from complying with any requirement to submit any return or statement of accounts or to furnish any other information under the Act.

PARAGRAPH 4 LOSSES

4(1) Any amount of adjusted loss incurred by a qualifying person in a year of assessment in the basis period referred to in subparagraph 3(1) shall be carried forward and deducted from the statutory income from the business of the qualifying person and the qualifying ringgit account in the post-exempt year or years of assessment until the whole amount of the adjusted loss has been utilized against the statutory income from the business of the qualifying person and the qualifying ringgit account.

4(2) So much of the adjusted loss referred to in subparagraph (1) which was utilized to reduce the statutory income from the business of the qualifying person and the qualifying ringgit account for a year of assessment shall be disregarded for the purposes of subsections 43(2) and 44(2) of the Act.

PARAGRAPH 5 SEPARATE SOURCE AND SEPARATE ACCOUNT

5(1) Where a qualifying person carries on the business of the qualifying person and qualifying ringgit account activity and activity other than the business of the qualifying person and qualifying ringgit account, each activity shall be treated as a separate and distinct source of the activity.

5(2) The qualifying person which is granted an exemption under subparagraph 3(1) shall maintain a separate account for the income derived from each activity referred to in subparagraph (1).