

# **INCOME TAX (EXEMPTION) (NO. 2) ORDER 2019**

PU (A) 55

22 February 2019

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. 2) Order 2019**.

**1(2)** This Order is deemed to have effect for the year of assessment 2018.

## **INTERPRETATION**

**2** In this Order—

**"residential property"** means a house, condominium unit, flat or an apartment which is built as a dwelling house;

**"rent"** means any sum paid by a tenant to a landlord for the occupation of a residential property including the use of parking space, furniture and any other amenities provided by the landlord.

## **EXEMPTION**

**3(1)** Subject to subparagraph (2), the Minister exempts a landlord who rents out his residential property from the payment of income tax in respect of fifty per cent of his statutory income derived from the rental of the residential property in the basis period for a year of assessment.

**3(2)** The exemption under subparagraph (1) is subject to the following conditions:

- (a) the landlord shall be an individual citizen who resides in Malaysia and is the registered proprietor of his residential property;
- (b) the monthly rental amount received from each residential property does not exceed two thousand ringgit;
- (c) the tenancy agreement between the landlord and the tenant which has been executed and stamped comes into effect on or after 1 January 2018; and
- (d) the residential property is rented out for any period from 1 January 2018 until 31 December 2018.

## **SEPARATE SOURCE AND SEPARATE ACCOUNT**

- 4(1)** Where a landlord receives rent from two or more residential properties, each residential property shall be treated as a separate and distinct source of the rent.
  
- 4(2)** The landlord who is granted an exemption under subparagraph 3(1) shall maintain a separate account for the rent received from each residential property referred to in subparagraph (1).