

INCOME TAX (EXEMPTION) (NO. 3) ORDER 2024

PU (A) 75

4 March 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) (No. 3) Order 2024**.
- 1(2) This Order has effect from 1 January 2024 to 31 December 2026.

EXEMPTION

- 2(1) Subject to paragraph 3, the Minister exempts a company, limited liability partnership, trust body and co-operative society resident in Malaysia from the payment of income tax in respect of gains or profits from the disposal of capital asset arising from outside Malaysia which is received in Malaysia in the basis period for a year of assessment.
- 2(2) For the purposes of exemption under subparagraph (1), the company, limited liability partnership, trust body and co-operative society shall, in the basis period of a year of assessment, comply with the conditions imposed by the Minister as specified in the guidelines issued by the Director General under section 134A of the Act, which shall include the following conditions:
 - (a) employ an adequate number of employees in Malaysia; and
 - (b) incur an adequate amount of operating expenditures in Malaysia.
- 2(3) Any deduction in relation to the income exempted under this paragraph shall be disregarded for the purpose of ascertaining the chargeable income of the company, limited liability partnership, trust body and co-operative society.
- 2(4) Nothing in subparagraph (1) shall absolve or be deemed to have absolved the company, limited liability partnership, trust body and co-operative society from complying with any requirement to submit any return or statement of accounts or to furnish any other information under the Act.

GAINS OR PROFITS FROM DISPOSAL OF INTELLECTUAL PROPERTY RIGHTS

- 3(1) Any gains or profits from the disposal of intellectual property rights shall be disregarded for the purpose of ascertaining the gains or profits from the disposal of capital asset referred to in subparagraph 2(1) provided that the company, limited liability partnership, trust body and co-operative society is the owner or licensee of the intellectual property rights.
- 3(2) In this paragraph, "**intellectual property rights**" means any rights arising from a patent, utility innovation and discovery, copyright, trade mark and service mark, industrial design, layout-design of integrated circuit, secret processes or formulae and know-how, geographical indication and the grant of protection of a plant variety, or other similar rights, whether or not registered or registrable.

NON-APPLICATION

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