

INCOME TAX (RESTRUCTURING OF COMPANIES SCHEME) (EXEMPTION) ORDER 2024

PU (A) 289

3 October 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 (Restructuring of Companies Scheme) (Exemption) Order 2024**.
- 1(2) This Order has effect from 1 March 2024 to 31 December 2028.

EXEMPTION

- 2(1) The Minister exempts a company, limited liability partnership, trust body or co-operative society from the payment of income tax in respect of chargeable income from gains or profits received from the disposal of shares of a company incorporated in Malaysia which is not listed on the stock exchange to an acquirer company, a company resident in Malaysia.
- 2(2) For the purposes of exemption under subparagraph (1)—
 - (a) the disposal of shares shall be made within the period from 1 March 2024 to 31 December 2028;
 - (b) the shares shall be disposed of under a scheme for restructuring of companies in the same group to increase efficiency in the operation of the company, limited liability partnership, trust body or co-operative society, or the acquirer company or both; and
 - (c) the consideration for the disposal of shares shall consist of shares in the acquirer company or not less than seventy-five per cent of shares in the acquirer company and the balance of a money payment, and the shares shall be issued to the company, limited liability partnership, trust body or co-operative society.
- 2(3) Subject to subparagraph (4), the company, limited liability partnership, trust body or co-operative society shall apply in writing to the Director General after the period of three years from the date of the disposal of shares by the company, limited liability partnership, trust body or co-operative society.
- 2(4) The company, limited liability partnership, trust body or co-operative society shall comply with the conditions imposed by the Minister as specified in the guidelines issued by the Director General under section 134A of the Act.
- 2(5) Nothing in subparagraph (1) shall absolve or be deemed to have absolved the company, limited liability partnership, trust body or 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.

LOSS FROM DISPOSAL OF SHARES

- 3 Where the company, limited liability partnership, trust body or co-operative society incurs any loss from the disposal of shares referred to in paragraph 2 within the period from 1 March 2024 to 31 December 2028, such loss shall be disregarded for the purposes of subsections 65E(5) and (6) of the Act.

DETERMINATION OF ACQUISITION AMOUNT OR VALUE OF CONSIDERATION FOR SUBSEQUENT DISPOSAL OF SHARES

- 4** If the acquirer company subsequently disposes of the shares referred to in paragraph 2, the acquisition amount or value of consideration determined for the shares shall be deemed to be equal to the amount or value of consideration determined under paragraph 65E(2)(b) of the Act paid for the shares by the company, limited liability partnership, trust body or co-operative society plus the allowable expenses under subparagraphs 65E(2)(a)(i) and (ii) of the Act incurred by the company, limited liability partnership, trust body or co-operative society.

NON-APPLICATION

- 5** This Order shall not apply to—
- (a) a disposal of shares of a company incorporated in Malaysia which is not listed on the stock exchange where gains or profits from the disposal of Shares is chargeable to tax as a business income under paragraph 4(a) of the Act;
 - (b) a disposal of shares by the company, limited liability partnership, trust body or co-operative society in respect of restructuring of any companies for the purposes of an initial public offering and the application for the initial public offering has been made to the Securities Commission or Bursa Malaysia Securities Berhad; or
 - (c) a company, limited liability partnership, trust body or co-operative society which a tax exemption has been granted under paragraph 127(3)(b) or subsection 127(3A) of the Act in respect of the same disposal of shares.