

INCOME TAX (SUSTAINABLE AND RESPONSIBLE INVESTMENT LINKED SUKUK) RULES 2024

PU (A) 415

11 December 2024

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53] read together with paragraph 33(1)(d) of the Act, the Minister makes the following rules:

CITATION AND COMMENCEMENT

- 1(1)** These rules may be cited as the **Income Tax (Sustainable and Responsible Investment Linked Sukuk) Rules 2024**.
- 1(2)** These Rules have effect from the year of assessment 2023 to the year of assessment 2027.

DEDUCTION

- 2(1)** For the purpose of ascertaining the adjusted income of a company from its business in the basis period for a year of assessment, a deduction shall be allowed for the expenditure incurred by the company on the issuance or offering of a Sustainable and Responsible Investment Linked Sukuk—
- (a) approved or authorized by, or lodged with, the Securities Commission under the Capital Markets and Services Act 2007 [Act 671]; and
 - (b) issued or offered to an investor in compliance with the guidelines relating to sukuk issued by the Securities Commission under the Capital Markets and Services Act 2007.
- 2(2)** The total amount of deduction allowed under subrule (1) shall be determined in accordance with the following formula:

$$A - B = C$$

where

- A is the amount of expenditure incurred by the company on the issuance or offering of the Sustainable and Responsible Investment Linked Sukuk;
- B is the amount exempted under subsection 127(3A) of the Act in respect of a grant to finance an external review expenditure for the issuance or offering of the Sustainable and Responsible Investment Linked Sukuk; and
- C is the total amount of deduction allowed.

- 2(3)** Any company which has made a claim for a deduction for expenditure on the issuance or offering of the Sustainable and Responsible Investment Linked Sukuk under any rules made under section 154 of the Act in the basis period for a year of assessment shall not be eligible for the deduction under these Rules for that year of assessment.

- 2(4)** For the purposes of this rule—

“external review expenditure” means an expenditure incurred by a company on the issuance or offering of the Sustainable and Responsible Investment Linked Sukuk—

- (a) to appoint an external reviewer for the purpose of assessing and providing a report on the company's compliance with the requirement under the guidelines relating to sukuk issued by the Securities Commission under the Capital Markets and Services Act 2007 before the issuance of the Sustainable and Responsible Investment Linked Sukuk is made; and
- (b) to appoint an independent verifier to provide a verification report for the purpose of monitoring performance levels of the company in respect of the sustainability performance targets for each key performance indicator after the issuance of the Sustainable and Responsible Investment Linked Sukuk is made;

“company” means a company resident in Malaysia which is incorporated under the Companies Act 2016 [Act 777] or Labuan Companies Act 1990 [Act 441].