

# INCOME TAX (DEDUCTION FOR EXPENDITURE ON ISSUANCE OF SUKUK AND RETAIL SUKUK STRUCTURED PURSUANT TO THE PRINCIPLE OF WAKALAH) RULES 2021

PU (A) 5

12 January 2021

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

## CITATION AND COMMENCEMENT

- 1(1)** These rules may be cited as the Income Tax (Deduction for Expenditure on Issuance of Sukuk and Retail Sukuk Structured pursuant to the Principle of *Wakalah*) Rules 2021.
- 1(2)** These Rules have effect for the year of assessment 2021 until the year of assessment 2025.

## DEDUCTION

- 2(1)** For the purposes of ascertaining the adjusted income of a company from the business in the basis period for a year of assessment, there shall be allowed as a deduction an amount equivalent to the total amount specified in the subrule (5) or (6), as the case may be, in respect of the expenditure or additional expenses incurred by the company on the issuance of –
- (a) a sukuk structured pursuant to the principle of *Wakalah* comprising a mixed component of asset and debt –
    - i. approved or authorized by, or lodged with, the Securities Commission Malaysia under the Capital Markets and Service Act 2007 [Act 671] : or
    - ii. approved by the Labuan Financial Services Authority established under Labuan Financial Services Authority Act 1996 [Act 545]; and
  - (b) a retail sukuk structured pursuant to the principle of *Wakalah* comprising a mixed component of asset and debt, approved or authorized by the Securities Commission Malaysia under the Capital Markets and Services Act 2007.
- 2(2)** The additional expenses referred to in subrule (1) shall be-
- (a) the professional fee relating to due diligence, drafting and preparation of prospectus;
  - (b) the printing cost of prospectus;
  - (c) the advertisement cost of prospectus;
  - (d) the Securities Commission Malaysia prospectus registration fee;
  - (e) the Bursa Malaysia processing fee and initial listing fee;
  - (f) the Bursa Malaysia new issue crediting fee; and
  - (g) the primary distribution fee.

- 2(3)** The retail sukuk referred to in paragraph (1)(b) shall be any sukuk that is issued or offered to a retail investor and includes a sukuk where an invitation to subscribe or purchase the sukuk is made to the retail investor.
- 2(4)** The retail investor is referred to in subrule (3) shall be any person other than –
- (a) the Central Bank of Malaysia referred to in the Central Bank of Malaysia Act 2009 [Act 701];
  - (b) a person to whom an excluded offer or excluded invitation is made as specified in Part 1 of Schedule 6 to the Capital Markets and Services Act 2007; and
  - (c) a person to whom an excluded issue is made as specified in Part I of Schedule 7 to the Capital Markets and Services Act 2007.
- 2(5)** The total amount deduction allowed under paragraph (1)(a) shall be equivalent to the amount of expenditure allowed under these Rules.
- 2(6)** The total amount deduction allowed under paragraph (1)(b) shall be equivalent to the amount of expenditure and twice the amount of additional expenses allowed under these Rules.
- 2(7)** For the purposes of these Rules, “company” means a company resident in Malaysia and incorporated under the Companies Act 2016 [Act 777] or the Labuan Companies Act 1990 [Act 441].