

INCOME TAX (DEDUCTION FOR EXPENDITURE ON ISSUANCE OF RETAIL DEBENTURE AND RETAIL SUKUK) RULES 2016

PU (A) 347
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IN exercise of the powers conferred by paragraph 154(1)(b) and paragraph 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 Retail Debenture and Retail Sukuk) Rules 2016**.
- 1(2)** These Rules come into effect from the year of assessment 2016 until the year of assessment 2018.

DEDUCTION

- 2(1)** For the purposes of ascertaining the adjusted income of a company resident in Malaysia from its business for the basis period for a year of assessment, there shall be allowed as a deduction an amount equivalent to the total amount specified in subrule (6) or (7), as the case may be, in respect of the additional expenses incurred by the company on the issuance of—
- (a) a retail debenture approved or authorized by the Securities Commission Malaysia under the Capital Markets and Services Act 2007 [Act 671];
 - (b) a retail sukuk structured pursuant to the principle of *Murabahah* or *Bai' Bithaman Ajil* (based on the concept of *Tawarruq*), *Mudharabah*, *Musyarakah*, *Istisna'* or any Shariah principle other than the principle mentioned in paragraph (c), approved or authorized by the Securities Commission Malaysia under the Capital Markets and Services Act 2007; and
 - (c) a retail sukuk structured pursuant to the principle of *Ijarah*, or *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 debenture referred to in paragraph (1)(a) shall be any debenture that is issued or offered to a retail investor and includes a debenture where an invitation to subscribe or purchase the debenture is issued to the retail investor.
- 2(4)** The retail sukuk referred to in paragraphs (1)(b) and (c) 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 issued to the retail investor.
- 2(5)** The retail investor referred to in subrules (3) and (4) 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 I 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(6)** The total amount of deduction allowed under paragraph (1)(a) or (b) shall be equivalent to twice the amount of additional expenses allowed under these Rules.
- 2(7)** The total amount of deduction allowed under paragraph (1)(c) shall be equivalent to the amount of additional expenses allowed under these Rules.
- 2(8)** In these Rules—
- "retail debenture"** has the same meaning assigned to the definition of "debenture" in the Capital Markets and Services Act 2007;
- "retail sukuk"** has the same meaning as provided in the guidelines relating to retail sukuk issued by the Securities Commission Malaysia under section 377 of the Capital Markets and Services Act 2007.