

# INCOME TAX ACT 1967

## INCOME TAX (EXEMPTION) (NO. 4) ORDER 2022

PU (A) 142  
25 April 2022

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. 4) Order 2022**.

**1(2)** This Order has effect from the year of assessment 2021.

### INTERPRETATION

**2** In this Order—

“qualifying individual” means an individual who is resident in Malaysia and makes an investment in the investee company;

“equity crowdfunding operator” means—

- (a) a company incorporated under the Companies Act 2016 [Act 777]; and
- (b) registered with the Securities Commission Malaysia as a recognised market operator to operate an equity crowdfunding platform in Malaysia under the Guidelines on Recognised Markets issued by the Securities Commission Malaysia;

“equity crowdfunding platform” means an online equity fundraising platform operated by an equity crowdfunding operator;

“Securities Commission Malaysia” means the Securities Commission Malaysia established under section 3 of the Securities Commission Malaysia Act 1993 [Act 498];

“nominee company” means a company which is—

- (a) incorporated under the Companies Act 2016;
- (b) resident in Malaysia; and
- (c) established by an equity crowdfunding operator in Malaysia to receive investments from a qualifying individual for investment purposes through an equity crowdfunding platform into an investee company;

“investee company” means a company which is—

- (a) incorporated under the Companies Act 2016, not including an exempt private company as specified in section 2 of the Companies Act 2016;
- (b) resident in Malaysia; and
- (c) hosted on an equity crowdfunding platform to offer its shares;

“shares” means shares offered on the equity crowdfunding platform.

## EXEMPTION

- 3(1)** The Minister exempts a qualifying individual in respect of an amount of his aggregate income in a basis period for a year of assessment, from the payment of income tax in the second year of assessment following the year of assessment in which an investment is made by the qualifying individual.
- 3(2)** The qualifying individual in subparagraph (1) shall—
- (a) made an investment in an investee company on or after 1 January 2021 but not later than 31 December 2023; and
  - (b) made an investment in the form of holding shares which are paid in cash to the investee company through an equity crowdfunding platform or through a nominee company (hereinafter referred to as the “investment”).
- 3(3)** For the purpose of this paragraph, the amount specified under subparagraph (1) shall be—
- (a) an amount equal to fifty per cent of the amount of investment made by the qualifying individual and shall not exceed fifty thousand ringgit for each year of assessment; and
  - (b) limited to ten per cent of the aggregate income of the qualifying individual in the basis period for a year of assessment in which the exemption is granted.
- 3(4)** Where the amount referred to in subparagraph (3) exceeds the aggregate income of the qualifying individual in the basis period for the year of assessment for which the exemption is granted, the excess amount shall not be refunded to the qualifying individual or be available as a credit to set off his tax liability for that year of assessment or any subsequent years of assessment.
- 3(5)** The exemption under this paragraph is subject to the conditions that—
- (a) the qualifying individual obtains an annual certification from the equity crowdfunding operator in relation to the investment and the amount of investment, and that annual certification is verified by the Securities Commission Malaysia;
  - (b) the investment is not disposed of, either in full or in part, within two years from the date the investment is made; and
  - (c) the qualifying individual does not have parent, including a parent in law, a child, including a step child, or a child adopted in accordance with any law, a brother or sister, or a grandparent or grandchild, or a spouse, who makes any investment in the investee company.
- 3(6)** Nothing in subparagraph (1) shall absolve or be deemed to have absolved a qualifying individual from complying with any requirement to submit any return or statement of accounts or to furnish any other information under the Act.

## NON-APPLICATION

- 4** This Order shall not apply to a qualifying individual—

- (a) who has made a claim for deduction under the Income Tax (Deduction for Investment in a Venture Company or Venture Capital Company Rules 2022 [*P.U. (A) 117/2022*]; or
- (b) who has been granted exemption under the Income Tax (Exemption) Order (No. 3) 2014 [*P.U. (A) 167/2014*].