INCOME TAX (DEDUCTION FOR EXPENDITURE ON ISSUANCE OF SUKUK) RULES 2019

PU (A) 118
25 April 2019

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 Sukuk) Rules 2019**.

1(2) These Rules have effect for the years of assessment 2019 and 2020.

DEDUCTION

2(1) For the purposes of ascertaining the adjusted income of a company from its business for the basis period for a year of assessment, there shall be allowed as a deduction an amount equivalent to the expenditure incurred by the company on the issuance of sukuk—

(a) Approved or authorized by, or lodged with, the Securities Commission Malaysia under the Capital Markets and Services Act 2007 *[Act 671]*; or

(b) approved by the Labuan Financial Services Authority established under the Labuan Financial Services Authority Act 1996 *[Act 545]*.

2(2) For the purpose of subrule (1)—

"sukuk" means—

(a) sukuk structured pursuant to the principle of *Ijarah*; or

(b) sukuk structured pursuant to the principle of *Wakalah* comprising a mixed component of asset and debt;

"company" means a company resident in Malaysia and incorporated under the Companies Act 2016 *[Act 777]* or the Labuan Companies Act 1990 *[Act 441].*