



TaXavvy

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Tax deduction for SRI Sukuk issuance cost

Further to the proposal under Budget 2024 to extend the tax deduction on the issuance Sustainable and Responsible Investment (SRI) Sukuk for another four years of assessment (YA), a new Income Tax (Sustainable and Responsible Investment Sukuk) Rules 2025 ("2025 SRI Rules") has now been gazetted.

The 2025 SRI Rules is effective from YA 2024 to YA 2027.

The features of the 2025 SRI Rules are principally similar to the Income Tax (Deduction for Expenditure on Issuance or Offering of Sustainable and Responsible Investment Sukuk) Rules 2017 ("2017 SRI Rules"). The salient points of the 2025 SRI Rules are as follows:

Qualifying company

- A company resident and incorporated in Malaysia under the Companies Act 2016.
- A company resident and incorporated in Malaysia under the Labuan Companies Act 1990.

The tax deduction

- A tax deduction is allowed for expenditure incurred by the qualifying company on the issuance / offering of an SRI Sukuk.
- Differing from the 2017 SRI Rules, the amount of expenditure deductible is now to be reduced by any tax exemption granted under section 127(3A) of the Income Tax Act 1967 ("ITA 1967") [Ministerial exemption] in respect of a grant to finance an external review expenditure for the issuance / offering of the SRI Sukuk.
- "External review expenditure" is defined in the 2025 SRI Rules. Briefly, it refers to the expenditure incurred to appoint an external reviewer to assess and provide a report on the following:
 - i. that the project financed by the SRI Sukuk proceeds meets the eligibility criteria of an SRI Project per the Securities Commission's (SC) guidelines on sukuk, and
 - ii. that compliance with the relevant SC's guidelines on sukuk is met.

Conditions on the SRI Sukuk

- Must be approved, authorized or lodged with the SC, and issued or offered to investors in accordance with SC's guidelines on sukuk under the Capital Markets and Services Act 2007.
- At least 90% of the proceeds raised from its issuance / offering must be used solely to fund the SRI Project specified in the SC's guidelines relating to sukuk.

Non-application

The qualifying company is not eligible for the deduction if it has claimed a deduction for the expenditure on the issuance / offering of the SRI Sukuk under any rules made under section 154 of the ITA 1967 for the YA.



e-Derma system for application of approval under section 44(6)

The Inland Revenue Board (IRB) issued a media release on 20 August 2025 announcing the launch of e-Derma system for applications for tax-exempt status under section 44(6) of the ITA 1967.

The media release is available on the IRB's website www.hasil.gov.my (Homepage > Media Release).

The e-Derma system can be accessed by institutions or organisations through the MyTax portal starting from 20 August 2025. At this stage, only new applications for tax-exempt status under section 44(6) of the ITA 1967 for institutions or organisations can be submitted through the e-Derma system. The system will be extended to include funds in a subsequent phase.

Pending enhancements in the next phase, applications for tax exemption for funds and renewal of approval under section 44(6) will continue to be processed manually for now.

The company director or organisation administrator can appoint a representative to access the e-Derma system as their representative.

The e-Derma system can be accessed through MyTax portal at <https://mytax.hasil.gov.my/> (Login > Role Selection > ezHasil Services > e-Derma).



Filing program for specified documents through MITRS for Labuan entities

The IRB has issued the Filing Program for Documents Specified under Section 22EB of Labuan Business Activity Tax Act 1990 (LBATA 1990) through Malaysian Income Tax Reporting System (MITRS).



The new provision - section 22EB of LBATA 1990, inserted through Finance Act 2024 (Budget 2025 measure) provide taxpayers with the duty to provide information and furnish specified documents electronically for ascertaining chargeable profit and tax payable or net profit, with effect from YA 2025 (current year basis).

Following that, the IRB has issued the filing program to provide details on the implementation of submission of specified documents. Salient points to note are:

- Submission of specified documents via the MITRS platform will be accessible through the MyTax Portal starting from 1 September 2025.
- Submission of the specified documents shall be made within 30 days from the due date for submission of the Return of Profits (Form e-LE1).
- Specified documents which need to be submitted (in pdf format and shall not exceed 20MB for the relevant YA) include:
 - i. Audited financial statements / settlement accounts (for companies in the process of dissolution or winding up);
 - ii. Copy of zakat receipt (if applicable); and
 - iii. Computation of incentives claimed (if applicable).

The filing program is available on IRB's website www.hasil.gov.my (Forms > Filing Program for Documents Specified Under Section 22EB of LBATA 1990 Through MITRS).

e-Invoice treatment for unit trust and money changing services-related transactions

The IRB has updated the Frequently Asked Questions for Implementation of e-Invoice for the Financial Services, Stockbroking and Unit Trust (“the FAQ”) to include e-Invoice treatment for unit trust and money changing services-related transactions.



Below are the salient points from the FAQ:

Unit trust-related transactions

- **Subscription of units**

Suppliers [unit trust fund (UTF)] are required to issue an e-Invoice (allowed in the format of XML or JSON format) for subscription of units of a UTF by the Buyers (Investor) in accordance with their respective issuance frequency and convert the validated e-Invoice into visual presentation in the form of statements / bills.

- **Redemption of units**

Buyers (UTF) are required to issue a self-billed e-Invoice (in the format of XML or JSON format) for the units of UTF redeemed by the Suppliers (Investor) in accordance with their respective issuance frequency and convert the validated e-Invoice into visual presentation in the form of statements / bills.

- **Investment in foreign investment funds under a Fund of Fund arrangement**

- (a) *Management fees charged by foreign unit trust management company (UTMC)*

- Local UTMC is required to issue self-billed e-Invoice for management fee charged by foreign UTMC.
 - Subsequently, where management fees are being charged by local UTMC to local UTF, local UTMC is required to issue e-Invoice to local UTF for the management fee charged by foreign UTMC.
 - Where management fees are being charged by local UTF to end investors, local UTF is required to issue e-Invoices to the end investors for their apportioned management fee charged.

- (b) *Management fees rebates*

- Where management fee rebate is given by foreign UTMC to the local UTMC, local UTMC is required to issue a self-billed credit note / refund note e-Invoice (as the case may be) for management fee rebate received from the foreign UTMC.
 - Where management fee rebate is onward given by the local UTMC to the local UTF, local UTMC is required to issue a credit note / refund note e-Invoice (as the case may be) for management fee rebate given to local UTF.

- Where management fee rebate is further given by the local UTF to the eligible end investors, local UTF is required to issue a credit note / refund note e-Invoice (as the case may be) to the eligible end investors.
- For the purposes of issuing the credit note / refund note e-Invoice (as the case may be), local UTMC / local UTF is required to include the IRBM Unique Identifier Number of the original e-Invoice or self-billed e-Invoice (as the case may be) issued by local UTMC or local UTF (as the case may be) on the management fee under the “Original e-Invoice Reference Number” field.

Money changing services related transactions (new) - Part D of the FAQ

- The e-Invoice treatment for transactions between supplier providing money-changing services and consumer / individual are as follows:
 1. If the consumer requests an e-Invoice:
 - The supplier is required to issue a positive-valued e-Invoice for the sale of foreign currency.
 - The supplier is required to issue a negative-valued e-Invoice for the purchase of foreign currency.
 - For a simultaneous sale and purchase of foreign currency, both can be included in the same e-Invoice.

2. If the consumer does not request an e-Invoice, the supplier is required to issue a receipt for the transaction and subsequently aggregate all receipts and issue a consolidated e-Invoice within seven calendar days after the month end.
- Charges other than money-changing services imposed by the supplier should be included as a separate line item in the same e-Invoice.
 - For a sale and purchase of foreign currency between two suppliers providing money-changing services, the supplier who sells foreign currency is required to issue an e-Invoice.
 - A local money-changing business is required to issue a self-billed e-Invoice for the purchase of foreign currency from foreign suppliers.

The FAQ is available on IRB’s website www.hasil.gov.my (Service > e-Invoice > Reference for the Implementation of e-Invoice > Frequently Asked Questions > Industry Specific Frequently Asked Questions).

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