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Act 608

FINANCE (No. 2) ACT 2000

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ACT 608

FINANCE (No. 2) ACT 2000

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LAWS OF MALAYSIA

Act 608

FINANCE (No. 2) ACT 2000

An Act to amend the Income Tax Act 1967, the Petroleum (Income Tax) Act 1967, the Real Property Gains Tax Act 1976 and the Stamp Act 1949.

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ENACTED by the Parliament of Malaysia as follows :

CHAPTER I

PRELIMINARY

Short title

1. This Act may be cited as the Finance (No. 2) Act 2000.

Amendments of Acts

2. The Income Tax Act 1967 [*Act 53*], the Petroleum (Income Tax) Act 1967 [*Act 543*], the Real Property Gains Tax Act 1976 [*Act 169*] and the Stamp Act 1949 [*Act 378*] are amended in the manner specified in Chapters II, III, IV and V respectively.

CHAPTER II

AMENDMENTS TO THE INCOME TAX ACT 1967

Commencement of amendments to the Income Tax Act 1967

3. (1) Sections 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26 and 27 shall have effect for the year of assessment 2001 and subsequent years of assessment.

(2) The amendment in section 15 shall be deemed to have effect from the year of assessment 1986 and subsequent years of assessment.

Amendment of section 2

4. The Income Tax Act 1967, which in this Chapter is referred to as the “principal Act”, is amended in subsection 2(1)—

(a) by inserting after the definition of “Hindu joint family” the following definition:

“husband who elects” means the husband who is referred to in paragraph 45(2)(b);’; and

(b) by inserting after the definition of “wife” the following definition:

“wife who elects” means the wife who is referred to in paragraph 45(2)(a);’.

Amendment of section 6A

5. The principal Act is amended by substituting for subsection 6A(2) the following subsection:

“(2) A rebate shall be granted for a year of assessment in the following amounts:

(a) three hundred and fifty ringgit in the case of an individual who has been allowed a deduction under paragraph 46(1)(a) for that year of assessment where his chargeable income for that year of assessment does not exceed thirty-five thousand ringgit;

(b) three hundred and fifty ringgit in the case of an individual who has been allowed a deduction under subsection 47(1) or (2) for that year of assessment where his chargeable income for that year of assessment does not exceed thirty-five thousand ringgit;

(c) three hundred and fifty ringgit in the case of a wife who has been allowed a deduction under section 45A for that year of assessment where her chargeable income for that year of assessment does not exceed thirty-five thousand ringgit.”.

Amendment of section 34

6. Subsection 34(6) of the principal Act is amended—

- (a) in paragraph (h), by substituting for the words “and infrastructure” the words “, infrastructure and information and communication technology”;
- (b) by deleting the word “and” at the end of paragraph (j),
- (c) in paragraph (k), by substituting for the full stop at the end of the proviso the words “; and”; and
- (d) by inserting after paragraph (k) the following paragraphs:
 - “(l) an amount equal to the expenditure incurred by the company in the relevant period on the provision of a scholarship to a student for any course of study leading to an award of a diploma, or degree (including a degree at a Masters or Doctorate level) or the equivalent of a diploma or degree undertaken at a higher educational institution established or registered under the laws regulating such establishment or registration in Malaysia or authorised by any order made under section 5A of the Universities and University Colleges Act 1971 [Act 30]:

Provided that the scholarship—

- (a) shall only be given to a student—
 - (i) who is receiving full-time instruction at such higher educational institution;
 - (ii) who has no means of his own; and
 - (iii) the total monthly income of whose parents or guardian, as the case may be, does not exceed five thousand ringgit; and
- (b) shall not include payments other than payments required by such higher educational institution relating to the course of study, and educational aids and reasonable cost of living expenses during the student’s period of study at such higher educational institution; and

- (m) an amount equal to the expenditure, not being capital expenditure, incurred by the company in the relevant period for the purposes of obtaining certification for recognized quality systems and standards, and *halal* certification, evidenced by a certificate issued by a certification body as determined by the Minister:

Provided that the expenditure incurred in the relevant period shall be deemed to be incurred by the company in the basis period for the year of assessment in which the certificate is issued.”.

Amendment of section 39

7. Paragraph 39(1)(k) of the principal Act is amended by substituting for the words “(other than a lorry, truck, bus, mini bus, van, station wagon or taxi cab licensed or permitted, by the appropriate authority, for commercial transportation of goods or passengers)” the words “, other than a motor vehicle licensed by the appropriate authority for commercial transportation of goods or passengers,”.

Amendment of section 44

8. Section 44 of the principal Act is amended—

(a) in subsection (6)—

- (i) by substituting for the full stop at the end of the subsection a colon; and
- (ii) by inserting after subsection (6) the following proviso:

“Provided that the amount to be deducted from the aggregate income of a company for the relevant year in respect of any gift of money made by that company to any institution or organization approved for the purposes of this section by the Director General shall not exceed five per cent of the aggregate income of the company in the relevant year.”; and

(b) in subsection (7), in the definition of “organization”—

(i) by substituting for the full stop at the end of paragraph (h) the words “; or”; and

(ii) by inserting after paragraph (h) the following paragraphs:

“(i) an international organization as defined under the International Organization (Privileges and Immunities) Act 1992 [*Act 485*] carrying out such charitable activities as determined by the Minister; or

(j) an organization established and maintained exclusively to administer or augment a fund established or held for the purpose of carrying out projects towards the acculturation of the community in information and communication technology, approved by the Minister; or

(k) a benevolent fund or trust account established or held for the sole purpose of providing relief or aid to an individual who has no, or insufficient means, or in the case of a dependent individual whose parents or guardian has no, or insufficient means, to pay for the cost of the medical treatment required by such individual to treat a serious disease as defined in subsection 46(2).”; and

(c) by inserting after subsection (7) the following subsections:

“(7A) An institution or organization referred to in subsection (7)—

(a) may apply not more than twenty-five per cent of its accumulated funds as at the beginning of the basis period for the year of assessment for the carrying on of, or participation in, a business:

Provided that the profits or income derived therefrom shall be used solely for charitable purposes or for the primary purpose for which the institution or organization was established; or

- (b) may carry out charitable activities outside Malaysia with the prior consent of the Minister.

(7B) The reference to the carrying on of, or participation in, a business in paragraph (7A)(a) shall not include the carrying on of a business by an institution or organization where—

- (a) the business is carried on in the course of the actual carrying out of the primary purpose of the institution or organization; or
- (b) the work in connection with the business is mainly carried on by persons for whose benefit the institution or organization was established.”.

Amendment of section 45

9. Section 45 of the principal Act is amended—

- (a) by substituting for subsection (2) the following subsection:

“(2) Subject to this section, where an individual and his wife were living together in the basis year for a year of assessment and did not in that basis year cease to live together or to be husband and wife of each other—

- (a) the wife may elect in writing (wife who elects) that her total income shall be aggregated with the total income of her husband and assessed in his name for that year of assessment; or
- (b) the husband may elect in writing (husband who elects) that his total income shall be aggregated with the total income of his wife and assessed in her name for that year of assessment:

Provided that where the wife who elects or the husband who elects is not resident for the basis year for a year of assessment, such wife or husband, as the case may be, may elect under this subsection only if she or he is a citizen.”;

(b) by substituting for subsection (3) the following subsection:

“(3) For the purposes of paragraph (2)(b)—

(a) for any year of assessment, that paragraph shall only apply if there is no election made by a wife or wives under paragraph (2)(a) for that year of assessment; and

(b) the election shall only be made with one wife.”; and

(c) by inserting after subsection (3) the following subsections:

“(4) Where under subsection (2) the total income of the wife who elects falls to be aggregated with that of her husband or the total income of the husband who elects falls to be aggregated with that of his wife, for a year of assessment, the wife who elects or the husband who elects, as the case may be, shall be treated as having no chargeable income for that year.

(5) The election referred to in subsection (2) shall be made before the first day of April in the following year of assessment or any subsequent date (as may be permitted by the Director General).”.

New section 45A

10. The principal Act is amended by inserting after section 45 the following section:

“Deduction for husband

45A. Where—

(a) the husband has no total income; or

(b) an election has been made by the husband under section 45(2)(b),

there shall be allowed to the wife, for a year of assessment, in addition to the allowances or deductions (if any) to that wife under sections 46,48 and 49, a deduction of three thousand ringgit for the husband and a further two thousand five hundred ringgit if he is a disabled person:

Provided that this section shall only apply to one wife.”.

Amendment of section 46

11. Section 46 of the principal Act is amended—

(a) in subsection (1)—

(i) by substituting for paragraph (d) the following paragraph:

“(d) an amount limited to a maximum of five thousand ringgit expended or deemed expended under subsection (3) in that basis year by that individual for the purchase of any necessary basic supporting equipment for his own use, if he is a disabled person or for the use of his wife, child or parent, who is a disabled person, or in the case of a wife, for her own use, if she is a disabled person, or for the use of her husband, child or parent, who is a disabled person;”;

(ii) by substituting for paragraph (f) the following paragraph:

“(f) an amount limited to a maximum of five thousand ringgit on fees expended in that basis year by that individual for any course of study up to tertiary level in any institution in Malaysia recognized by the Government undertaken for the purpose of acquiring technical, vocational, industrial, scientific or technological skills or qualifications;”;

(iii) in paragraph (g)—

(A) by inserting after the word “expended” the words “or deemed expended under subsection (3)”;

(B) by substituting for the colon at the end of the first proviso a semi colon; and

(C) by deleting the further proviso; and

- (iv) by inserting after paragraph (g) the following paragraphs:

“(h) an amount limited to a maximum of five hundred ringgit in respect of complete medical examination expenses expended or deemed expended under subsection (3) in that basis year by that individual on himself or on his wife or on his child, or in the case of a wife, on herself or on her husband or on her child, as evidenced by receipts issued by a hospital or a medical practitioner:

Provided that the deduction under this paragraph shall be part of the amount limited to a maximum of five thousand ringgit in paragraph (g); and

(i) an amount limited to a maximum of five hundred ringgit in respect of expenses expended or deemed expended under subsection (3) in that basis year by that individual for the purchase of books, journals, magazines and other similar publications for the purpose of enhancing knowledge for his own use or for the use of his wife or child, or in the case of a wife, for her own use or for the use of her husband or child, as evidenced by receipts issued in respect of the purchase.”;

(b) in subsection (2), by substituting for the words “subsection (1)(g)” the words “this section”; and

(c) by inserting after subsection (2) the following subsection:

“(3) For the purposes of paragraphs (1)(d), (g), (h) and (i), any amount expended by the wife or the husband in the year of assessment—

(a) where subsection 45(2) applies, shall be deemed to have been expended by the husband of the wife who elects or by the wife of the husband who elects, as the case may be; or

- (b) where the wife or the husband has no total income, shall be deemed to have been expended by the husband of that wife who has no total income or the wife of that husband who has no total income, as the case may be:

Provided that where paragraph 45(2)(b) applies or the husband has no total income, any amount expended by the husband shall be deemed to have been expended by the wife who has been allowed a deduction under section 45A.”.

Amendment of section 49

12. Section 49 of the principal Act is amended—

- (a) by substituting for subsection (1A) the following subsection:

“(1A) For the purposes of subsection (1), where subsection 50(2) or 50(3) applies, the total deduction under that subsection shall not exceed five thousand ringgit.”;

- (b) in subsection (1B), by substituting for paragraph (b), including the proviso, the following paragraph:

“(b) for the purposes of paragraph (a), where subsection 50(2) applies, the total deduction under that paragraph shall not exceed three thousand ringgit.”; and

- (c) in subsection (1c)—

- (i) by substituting for the words “there shall be allowed for that year of assessment, in addition to the deduction already allowed under this subsection, a deduction of one thousand ringgit:” the words “, the total deduction under this subsection shall not exceed one thousand ringgit.”; and

- (ii) by deleting the proviso.

Amendment of section 50**13. Section 50 of the principal Act is amended—**

(a) by substituting for subsection (2) the following subsection:

“(2) Any premium for any insurance or deferred, annuity within the meaning of subsection 49(3), or for any insurance on education or medical benefits within the meaning of subsection 49(4), or for any insurance policy determined by the Employees Provident Fund Board referred to in subsection 49(1c), which has been paid by the wife or the husband in the year of assessment—

(a) where subsection 45(2) applies, shall be deemed to have been paid by the husband of the wife who elects or by the wife of the husband who elects, as the case may be; or

(b) where the wife or the husband has no total income, shall be deemed to have been paid by the husband of that wife who has no total income or the wife of that husband who has no total income, as the case may be:

Provided that where paragraph 45(2)(b) applies, or the husband has no total income, any amount paid by the husband shall be deemed to have been paid by the wife who has been allowed a deduction under section 45A.”; and

(b) by substituting for subsection (3) the following subsection:

“(3) Where subsection 45(2) applies for the year of assessment, and in that year the wife who elects or the husband who elects has made or suffered the making of a contribution as an employee to an approved scheme or as a self-employed person within the meaning of the Employees Provident Fund Act 1991 [Act 452] to the Employees Provident Fund—

(a) the contribution shall be deemed to have been made by the husband or the wife in whose name the assessment was made, as the case may be, in that year; and

- (b) the reference to a contract of employment in paragraph 49(2)(a) shall be deemed to include a reference to a contract of employment of the wife who elects or the husband who elects, as the case may be.”.

Amendment of section 60

14. Section 60 of the principal Act is amended by substituting for paragraph (9)(b) the following paragraph:

- “(b) an amount calculated based on the method of computation as determined by the relevant authority regulating the insurance industry and which is consistently applied to premiums first receivable by him in that period in respect of other general policies issued by him (less the amount deducted under subparagraph (5)(b)(ii) or (6)(b)(ii)).”.

Amendment of section 60AA

15. Section 60AA of the principal Act is amended—

- (a) by renumbering the existing section 60AA as subsection (1) of that section; and
- (b) by inserting after subsection (1) the following subsection:

“(2) In relation to management expenses incurred by any person in connection with a takaful business, that expense shall, in the application of sections 60 and 60A to that business, be deemed to have been incurred by him in respect of the life or general business referred to in those sections.”.

Amendment of section 103

16. Section 103 of the principal Act is amended—

- (a) by substituting for subsection (8) the following subsection:

“(8) Where subsection 45(2) has applied for a year of assessment, the portion of the tax charged for that year upon the husband or the wife in whose name the assessment was made which is attributable to the total

income for that year of the wife who elects or the husband who elects, as the case may be, may, if necessary, be collected from the wife who elects or the husband who elects; and this Part shall apply (with any necessary modifications) as if, on the day on which a notice of assessment or a notice of increased assessment for that year is served on the husband or the wife that notice of assessment or notice of increased assessment had been served on the wife who elects or the husband who elects, as the case may be:

Provided that nothing in this subsection shall be construed as conferring on the wife who elects or the husband who elects, as the case may be, any right of appeal under section 99.”; and

(b) by substituting for subsection (9) the following subsection:

“(9) For the purposes of subsection (8), the part of the tax charged for a year of assessment upon the husband or the wife which is attributable to the total income for that year of the wife who elects or the husband who elects, as the case may be, shall be determined in accordance with the formula—

$$\frac{A}{B} \times C$$

where—

(a) in the case of the wife who elects—

A is that wife’s total income for a year of assessment;

B is the aggregate of the husband’s and that wife’s or wives’ total income; and

C is the tax charged for the year of assessment where paragraph 45(2)(a) applies; or

(b) in the case of the husband who elects—

A is that husband’s total income for a year of assessment;

B is the aggregate of the wife’s and the husband’s total income; and

C is the tax charged for the year of assessment where paragraph 45(2)(b) applies.”.

Amendment of section 110

17. Section 110 of the principal Act is amended by substituting for subsection (12) the following subsection:

“(12) Where paragraph 45(2)(a) applies to an individual and to a wife of his for a year of assessment, any reference in the foregoing subsections to a person shall, in the application of those subsections for that year to that individual and that wife, be taken to be a reference to that individual including that wife as if she were that individual and where paragraph 45(2)(a) applies, this subsection shall be applied accordingly.”.

Amendment of section 127

18. Subsection 127(1) of the principal Act is amended by inserting after the word “Act” the words “but subject to section 127A”.

New section 127A

19. The principal Act is amended by inserting after section 127 the following section:

“Cessation of exemption

127A. (1) Notwithstanding any other provision of this Act or any other written law, where any income of a person is exempt by virtue of a repealed law, and the exemption is deemed to have been made by an order under section 127, that exemption shall cease.

(2) In this section, “repealed law” has the same meaning assigned to it under Schedule 9.”.

Amendment of section 128

20. Section 128 of the principal Act is amended by substituting for subsection (2) the following subsection:

“(2) Where subsection 45(2) applies for the relevant year with respect to an individual being the husband or the wife

in whose name the assessment was made, then, for the purposes of this section—

- (a) that husband or that wife shall be deemed to be the owner of any residence of which the wife who elects or the husband who elects, as the case may be, is the owner; and
- (b) any occupation in the relevant period by the wife who elects or the husband who elects, of any residence of which the husband or the wife, as the case may be, is the owner or is deemed to be the owner under paragraph (a) shall be deemed to be occupation by the husband or the wife in whose name the assessment was made.”.

New section 129A

21. The principal Act is amended by inserting after section 129 the following section:

“Other relief

129A. Notwithstanding any other provision of this Act, the Minister may for the purposes of section 127 provide any relief, in relation to the treatment of expenses, losses and capital allowances in arriving at the chargeable income of a person, as he thinks fit, which is not otherwise provided for in this Act.”.

Amendment of section 130

22. Subsection 130(4) of the principal Act is amended in the proviso by substituting for the words “of the individual” the words “who elects or the husband who elects, as the case may be.”.

Amendment of section 156

23. Section 156 of the principal Act is amended by substituting for the word “The” the words “Subject to section 127A, the”.

Amendment of Schedule 3

24. Schedule 3 of the principal Act is amended by substituting for subparagraph 2(2) the following subparagraph:

“(2) In the case of a motor vehicle, other than a motor vehicle licensed by the appropriate authority for commercial transportation of goods or passengers, the qualifying plant expenditure incurred on or after the first day of the basis period for the year of assessment 1991 shall be limited to a maximum of fifty thousand ringgit:

Provided that where the qualifying plant expenditure is incurred on a motor vehicle purchased on or after 28 October 2000, the maximum amount shall be increased to not more than one hundred thousand ringgit if the motor vehicle has not been used prior to purchase and the total cost of the motor vehicle does not exceed one hundred and fifty thousand ringgit:

Provided further that where the qualifying plant expenditure is incurred between the period from 28 October 2000 to 31 December 2000, and that period forms part of the basis period of a person for the year of assessment prior to the year of assessment 2001, that expenditure shall be deemed for the purpose of this Schedule to be incurred in the basis period for the year of assessment 2001.”.

Amendment of Schedule 4c

25. Schedule 4c of the principal Act is amended—

(a) in paragraph 2—

(i) in subparagraph (a), by substituting for the words “1999;” the words “2003; and”;

(ii) in subparagraph (b), by substituting for the words “; and” at the end of that paragraph a full stop; and

(iii) by deleting subparagraph (c); and

(b) by substituting for paragraph 11 the following paragraph:

“**11.** In this Schedule, “approved food production project” means an agricultural project which is approved by the Minister by order published in the *Gazette*.”.

Amendment of Schedule 6

26. Schedule 6 of the principal Act is amended by substituting for paragraph 13 the following paragraph:

- “**13.** The income, other than dividend income, of—
- (a) an institution or organization approved for the purposes of subsection 44(6) so long as the approval remains in force; or
 - (b) a religious institution or organization which is not operated or conducted primarily for profit and which is established in Malaysia exclusively for the purposes of religious worship or the advancement of religion.”.

Special provision relating to paragraph 13 of Schedule 6

27. Notwithstanding any other provision of the principal Act, where a person is exempt by virtue of paragraph 13 of Schedule 6 before the coming into operation of the amendment to that paragraph in section 26 of this Act, that exemption shall cease from the year of assessment 2003 for the basis period ending in that year:

Provided that such exemption shall continue, under paragraph 13 of Schedule 6 as amended in this Act, where an approval is granted to such person upon an application made under subsection 44(6) of the principal Act.

CHAPTER III

AMENDMENTS TO THE PETROLEUM (INCOME TAX) ACT 1967

Commencement of amendments to the Petroleum (Income Tax) Act 1967

28. (1) Sections 29, 30, 31 and 36 shall have effect from the year of assessment 2001 and subsequent years of assessment.

(2) Sections 32, 33, 34, 35 and 37 shall come into operation on 1 January 2001.

Amendment of section 16

29. The Petroleum (Income Tax) Act 1967, which in this Chapter is referred to as the “principal Act”, is amended in section 16—

- (a) in subsection (7B), by substituting for the words “and infrastructure, approved by the relevant authority” the words “, infrastructure and information and communication technology, approved by the Minister”; and
- (b) by inserting after subsection (7E) the following subsections:

“(7F) There shall be deducted from the relevant gross income an amount equal to the amount of the expenditure incurred by the relevant chargeable person in the relevant period on the provision of a scholarship to a student for any course of study leading to an award of a diploma, or degree (including a degree at a Masters or Doctorate level) or the equivalent of a diploma or degree undertaken at a higher educational institution established or registered under the laws regulating such establishment or registration in Malaysia or authorized by any order made under section 5A of the Universities and University Colleges Act 1971 [*Act 30*]:

Provided that the scholarship—

- (a) shall only be given to a student—
 - (i) who is receiving full-time instruction at such higher educational institution;
 - (ii) who has no means of his own; and
 - (iii) the total monthly income of whose parents or guardian, as the case may be, does not exceed five thousand ringgit; and
- (b) shall not include payments other than payments required by such higher educational institution relating to the course of study, and educational aids and reasonable cost of living expenses during the student’s period of study at such higher educational institution.

(7G) There shall be deducted from the relevant gross income an amount equal to the amount of the expenditure, not being capital expenditure, incurred by the relevant chargeable person in the relevant period for the purposes of obtaining certification for recognized quality systems and standards and evidenced by a certificate issued by a certification body as determined by the Minister:

Provided that the expenditure incurred in the relevant period shall be deemed to be incurred by the relevant chargeable person in the basis period for the year of assessment in which the certificate is issued.”.

Amendment of section 18

30. Paragraph 18(1)(m) of the principal Act is amended by substituting for the words “(other than a lorry, truck, bus, mini bus, van or station wagon licensed or permitted by the appropriate authority for commercial transportation of goods or passengers)” the words “other than a motor vehicle licensed by the appropriate authority for commercial transportation of goods or passengers”.

Amendment of section 22

31. Subsection 22(1) of the principal Act is amended by substituting for the proviso the following proviso:

“Provided that the amount to be deducted from the assessable income of a chargeable person for that year of assessment in respect of any gift of money made by that chargeable person to an approved institution or organization shall not exceed five per cent of the statutory income from his petroleum operations.”.

Amendment of section 33

32. Section 33 of the principal Act is amended by inserting after subsection (1) the following subsection:

“(1A) Where the Director General exercises his powers under subsection (1), the occupiers of such lands, buildings and other places shall provide the Director General or an authorized officer with all reasonable facilities and assistance for the exercise of his powers under this section.”.

Amendment of section 45

33. Section 45 of the principal Act is amended—

(a) in subsection (1), by substituting for the words “may review” the words “shall, within twelve months from the date of receipt of the notice of appeal, review”; and

(b) by inserting after subsection (1) the following subsections:

“(1A) Where the Director General requires a period longer than twelve months to carry out the review under subsection (1), the Director General may apply to the Minister for an extension of that period not later than thirty days before the expiry of the twelve month period.

(1B) On receipt of an application under subsection (1A), the Minister may grant such extension as he thinks proper and reasonable in the circumstances provided that such extension shall not exceed a period of six months from the date of expiry of the twelve month period.

(1C) The decision of the Minister under subsection (1B) shall be notified in writing to the Director General and shall be final.”.

Amendment of section 46

34. Section 46 of the principal Act is amended—

(a) in subsection (1), by inserting after the words “at any time” the words “within the twelve month period from the date of receipt of the notice of appeal or, if an extension under subsection 45(1B) has been granted, within the extended period”; and

(b) by deleting subsection (2).

Amendment of section 54

35. Section 54 of the principal Act is amended by substituting for paragraph (d) the following paragraph:

“(d) fails to provide reasonable facilities or assistance or both to the Director General or an authorized officer in the exercise of his powers under this Act;”.

Amendment of Second Schedule

36. The Second Schedule of the principal Act is amended by substituting for subparagraph 2(2) the following subparagraph:

“(2) In the case of a motor vehicle, other than a motor vehicle licensed by the appropriate authority for commercial transportation of goods or passengers, the qualifying plant expenditure incurred on or after the first day of the basis period for the year of assessment 1991 shall be limited to a maximum of fifty thousand ringgit:

Provided that where the qualifying plant expenditure is incurred on a motor vehicle purchased on or after 28 October 2000, the maximum amount shall be increased to not more than one hundred thousand ringgit if the motor vehicle has not been used prior to purchase and the total cost of the motor vehicle does not exceed one hundred and fifty thousand ringgit.”.

Amendment of Third Schedule

37. The Third Schedule of the principal Act is amended—

(a) under the heading “*Supplemental provisions*”, by inserting before paragraph 38 the following paragraph:

“**37A.** Where any matter of procedure or practice is not provided for in this Schedule, the procedure and practice for the time being in force or in use in the subordinate court or in the High Court, as the case may be, shall be adopted and followed with the necessary modifications.”; and

(b) in paragraph 40—

(i) by substituting for the word “precedural” the word “procedural”; and

(ii) by substituting for the words “or the Court of Appeal” the words “, the Court of Appeal or the Federal Court” wherever it appears.

CHAPTER IV

AMENDMENTS TO THE REAL PROPERTY GAINS
TAX ACT 1976**Commencement of amendment to the Real Property Gains Tax Act 1976**

38. This Chapter shall come into operation on 1 January 2001.

Amendment of section 18

39. The Real Property Gains Tax Act 1976 is amended in subsection 18(1) by inserting after the word “101” the words “101(1A), 101(1B), 101(1C)”.

CHAPTER V

AMENDMENTS TO THE STAMP ACT 1949

Commencement of amendments to the Stamp Act 1949

40. This Chapter shall come into operation on 1 January 2001.

Amendment of section 2

41. The Stamp Act 1949, which in this Chapter is referred to as the “principal Act”, is amended in section 2—

(a) by substituting for the definition of “banker” the following definition:

“ “banker” means any person licensed under the Islamic Banking Act 1983 [Act 276] or the Banking and Financial Institutions Act 1989 [Act 372] to carry on the business of banking in Malaysia;”;

(b) in the definition of “contract note”, by substituting for the words “broker” and “stockbroker”, wherever it appears the word “dealer”;

(c) by inserting after the definition of “conveyance on sale” the following definition:

“ “dealer” means any person licensed under the Securities Industry Act 1983 [Act 280] to carry on the business of dealing in securities in Malaysia and is recognized as a member company by a stock exchange;”;
and

- (d) by inserting after the definition of “instrument” the following definition:

“insurer” means any person licensed under the Takaful Act 1984 [Act 312] or the Insurance Act 1996 [Act 513] to carry on an insurance business in Malaysia and includes a reinsurer;’.

Amendment of section 7

- 42.** Section 7 of the principal Act is amended by inserting after subsection (7) the following subsection:

“(8) The Second Schedule may be amended by the Minister of Finance by order published in the *Gazette*.”.

Amendment of section 9

- 43.** Section 9 of the principal Act is amended—

(a) in subsection (1)—

- (i) by substituting for the words “Minister of Finance may, in his absolute discretion, by an order published in the *Gazette*,” the words “Collector may”; and
- (ii) in paragraph (c), by substituting for the words “stockbroker or insurer do pay on 1 January, 1 April, 1 July and 1 October” the words “the dealer or insurer do pay on the 1st day of each calendar month”; and

(b) in subsection (1) including in paragraphs (a), (b) and (d), and subsections (2) and (3), by substituting for the word “stockbroker” wherever it appears the word “dealer”.

Special provision relating to section 9

- 44.** (1) Notwithstanding the provisions of subsection 9(1) of the principal Act before the coming into operation of the amendment to section 9 in section 43 of this Act, any authorization in respect of a banker, stockbroker or insurer under that subsection shall, on 1 January 2001, be given by the Collector in accordance with section 9 as amended in this Act.

(2) A reference to a stockbroker in subsection (1) shall be construed as a reference to a dealer as the case requires.

Amendment of section 32A

45. Subsections 32A(1) and (2) of the principal Act is amended by substituting for the word “broker” wherever it appears the word “dealer”.

Substitution of section 47A

46. The principal Act is amended by substituting for section 47A the following section:

“Penalty for late stamping

47A. (1) An instrument which is not stamped within the period specified in or under section 40 or 47 may be stamped on payment of the unpaid duty and a penalty of—

- (a) twenty-five ringgit or fifty per centum of the amount of the deficient duty, whichever sum be the greater, if the instrument is stamped within 3 months after the time for stamping;
- (b) fifty ringgit or one hundred per centum of the amount of the deficient duty, whichever sum be the greater, if the instrument is stamped later than 3 months but not later than 6 months after the time for stamping; or
- (c) one hundred ringgit or two hundred per centum of the amount of the deficient duty, whichever sum be the greater, in any other case.

(2) The Collector may, if he thinks fit, reduce or remit any such penalty or the further amount payable under paragraph 9(1)(c) which does not exceed five thousand ringgit, and the Minister of Finance or any person authorized by him in that behalf may reduce or remit any such penalty or further amount which exceeds five thousand ringgit.”.

Amendment of section 80

47. Subsection 80(2) of the principal Act is amended by deleting the words “or the further amount payable under paragraph 9(1)(c)”.

Amendment of First Schedule

48. The First Schedule of the principal Act is amended—

- (a) in item 2, under the heading “Proper Stamp Duty”, by substituting for the words “RM5.00” the words “RM10.00”;
- (b) in item 4, under the heading “Proper Stamp Duty”, by substituting for the words “RM3.00” the words “RM10.00”;
- (c) in item 22, by inserting after sub-item (3) the following sub-item:

“(4) Being the security for payment RM10.00
or repayment of money made for this purpose of
pursuing higher education in higher educational
institutions.”;

(d) in item 27—

- (i) under the heading “Description of Instrument”, by substituting for the words “,AGREEMENT FOR FINANCING UNDER THE *Syariah*” the words “(including that under the *Syariah*)”;
- (ii) in subparagraph (a)(ii), under the heading “Proper Stamp Duty”, by substituting for the words “RM2.50 for every RM500” the words “RM5.00 for every RM1,000”;
- (iii) in subparagraph (a)(iii)—
 - (A) under the heading “Description of Instrument”, by substituting for the words “RM500” the words “RM1,000”; and
 - (B) under the heading “Proper Stamp Duty”, by substituting for the words “RM2.50” the words “RM5.00”; and
- (iv) in paragraph (d), under the heading “Proper Stamp Duty”, by substituting for the words “RM5.00” the words “RM10.00”;

(e) in item 32—

(i) in paragraph (a), under the heading “Proper Stamp Duty”, in the particulars relating to that sub item—

(A) in subparagraph (iii), by substituting for the words “but not exceeding RM2,000,000;” a full stop; and

(B) by deleting subparagraph (iv);

(ii) by substituting for paragraph (b) the following paragraph:

“(b) On sale of any stock, shares or marketable securities, to be computed on the price or value thereof on the date of transfer, whichever is the greater—

For every RM1,000 or RM3.00”; and
fractional part of RM1,000

(iii) in paragraph (c), under the heading “Proper Stamp Duty”, by substituting for the words “RM5.00” the words “RM10.00”;

(f) in item 50, under the heading “Proper Stamp Duty”, by substituting for the words “RM2.00” the words “RM10.00”;

(g) in item 50A, under the heading “Proper Stamp Duty”, by substituting for the words “RM3.00” the words “RM10.00”;

(h) in item 51, under the heading “Proper Stamp Duty”, by substituting for the words “RM1.00” the words “RM10.00”;

(i) in paragraphs 58(1)(a) and (b), sub-items 58(2), 58(3) and 58(5), paragraphs 58(6)(a) and 58(6)(b), and sub-items 58(7) and 58(8), under the heading “Proper Stamp Duty”, by substituting for the words “RM2.00” the words “RM10.00”;

(j) in item 60, under the heading “Proper Stamp Duty”—

(i) in paragraph (a), by substituting for the words “RM5.00” the words “RM10.00”; and

(ii) in paragraph (b), by substituting for the words “RM1.00” the words “RM10.00”;

- (k) in item 61, under the heading “Proper Stamp Duty”, by substituting for the words “\$1.00” the words “RM10.00”; and
 - (l) in item 78, under the heading “Proper Stamp Duty”, by substituting for the words “\$3.00” the words “RM10.00”.
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LAWS OF MALAYSIA

Act 608

FINANCE (No. 2) ACT 2000

LIST OF AMENDMENTS

Amending law	Short title	In force from
	– NIL –	

LAWS OF MALAYSIA**Act 608****FINANCE (No. 2) ACT 2000****LIST OF SECTIONS AMENDED**

Section	Amending authority	In force from
	– NIL –	

