



# LAWS OF MALAYSIA

REPRINT

**Act 600**

## **FINANCE ACT 2000**

*Incorporating all amendments up to 1 January 2006*

PUBLISHED BY  
THE COMMISSIONER OF LAW REVISION, MALAYSIA  
UNDER THE AUTHORITY OF THE REVISION OF LAWS ACT 1968  
IN COLLABORATION WITH  
PERCETAKAN NASIONAL MALAYSIA BHD  
2006

**FINANCE ACT 2000**

Date of Royal Assent..... ... 30 May 2000  
Date of publication in the *Gazette* ... 15 June 2000

*PREVIOUS REPRINT*

*First Reprint* ... 2001

**LAWS OF MALAYSIA****Act 600****FINANCE ACT 2000**

---

**ARRANGEMENT OF SECTIONS**

---

**CHAPTER I****PRELIMINARY**

## Section

1. Short title
2. Amendments of Acts

**CHAPTER II****AMENDMENTS TO THE INCOME TAX ACT 1967**

3. Commencement of amendments to the Income Tax Act 1967
4. Amendment of section 2
5. Amendment of section 46
6. Amendment of section 49
7. Substitution of section 50
8. Deletion of section 60D
9. Amendment of section 101
10. Amendment of section 102
11. Amendment of section 107B
12. Amendment of Schedule 1
13. Amendment of Schedule 3
14. Amendment of Schedule 5
15. Amendment of Schedule 6

## CHAPTER III

AMENDMENTS TO THE PETROLEUM  
(INCOME TAX) ACT 1967

## Section

16. Commencement of amendments to the Petroleum (Income Tax) Act 1967
17. Amendment of section 13A
18. Amendment of Second Schedule

## CHAPTER IV

## AMENDMENTS TO THE STAMP ACT 1949

19. Commencement of amendments to the Stamp Act 1949
20. Amendment of First Schedule
21. Amendment of Second Schedule

**LAWS OF MALAYSIA****Act 600****FINANCE ACT 2000**

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

[ ]

**ENACTED** by the Parliament of Malaysia as follows:

**CHAPTER I****PRELIMINARY****Short title**

1. This Act may be cited as the Finance Act 2000.

**Amendments of Acts**

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

**CHAPTER II****AMENDMENTS TO THE INCOME TAX ACT 1967****Commencement of amendments to the Income Tax Act 1967**

3. (1) The amendments in sections 5, 6, 7, 8, 11, 12 and 15 shall have effect for the year of assessment 2000 in respect of the basis period ending in the year 2000 (current year basis) and subsequent years of assessment.  
  
(2) The amendments in sections 4, 9, 10 and 14 shall have effect upon the coming into operation of this Act.

(3) The amendments in section 13 shall have effect for the year of assessment 2000 in respect of the basis period ending in the year 1999 (preceding year basis) 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) by inserting after the definition of “market value” the following definition:

‘ “Minister” means the Minister for the time being charged with the responsibility for finance;’.

#### **Amendment of section 46**

5. Subsection 46(1) of the principal Act is amended—

(a) by substituting for paragraph (a) the following paragraph:

“(a) eight thousand ringgit for that individual in respect of himself and his dependent relatives (if any), or for that Hindu joint family;”;

(b) by deleting paragraph (b); and

(c) in the further proviso to paragraph (g), by inserting after the word “income” the words “, any amount expended by the wife in that basis year shall be deemed to have been expended by that individual and”.

#### **Amendment of section 49**

6. Section 49 of the principal Act is amended—

(a) in paragraph (1)(a), by inserting after the word “annuity” the words “other than an insurance policy to which subsection (1c) applies”;

(b) in subsection (1A), by substituting for the words “section 50(3)(b) or (c)” the words “subsection 50(2) or 50(3)”;

(c) in subsection (1B)—

(i) in paragraph (a), by substituting for the word “two” the word “three”;

- (ii) in paragraph (b)—
  - (A) by substituting for the words “section 50(3)(b)” the words “subsection 50(2)”; and
  - (B) by substituting for the word “two” the word “three”; and
- (iii) in the proviso, by substituting for the word “two” the word “three”;
- (d) by inserting after subsection (1B) the following subsection:
 

“(1c) In the case of an individual resident for the basis year for a year of assessment who in that basis year has utilized any amount standing to his credit in the Employees Provident Fund to purchase an insurance policy determined by the Employees Provident Fund Board, there shall be allowed for that year of assessment a deduction of one thousand ringgit and where subsection 50(2) applies 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:

Provided that where the wife has no total income the total deduction under this subsection shall not exceed one thousand ringgit.”; and
- (e) in subsection (3), by substituting for the words ‘this section “insurance” and “deferred annuity”, in relation to an individual claiming a deduction under subsection (1),’ the words ‘relation to an individual claiming a deduction under subsection (1), “insurance” and “deferred annuity” ’.

### **Substitution of section 50**

7. The principal Act is amended by substituting for section 50 the following section:

#### **“Application of section 49 where husband and wife are living together**

**50.** (1) Where an individual who is resident for the basis year for a year of assessment has a wife living together with him at any time in that basis year, and they did not in that basis year—

- (a) cease to live together; or

(b) cease to be husband and wife of each other,

the application of section 49 to that individual shall be subject to this section.

(2) Where the wife makes an election under subsection 45(2) or where the wife has no total income for the year of assessment, 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 in that year shall be deemed to have been paid by the husband.

(3) Where subsection 45(2) applies to the husband and the wife for the year of assessment and in that year the wife 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 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.”.

#### **Deletion of section 60D**

8. The principal Act is amended by deleting section 60D.

#### **Amendment of section 101**

9. Section 101 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 102**

**10.** Section 102 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 101(1B) has been granted, within the extended period”; and

(b) by deleting subsection (2).

#### **Amendment of section 107B**

**11.** The proviso to subsection 107B(2) of the principal Act is amended by substituting for the words “fifteenth day of April” the words “thirtieth day of June”.

#### **Amendment of Schedule 1**

**12.** Schedule 1 to the principal Act is amended—

(a) in Part I—

(i) in paragraph 1, by substituting for the existing rates the following rates:

<i>“Chargeable Income</i>	<i>RM</i>	<i>Rate of Income Tax</i>
For every ringgit of the first	2,500	0 per cent
For every ringgit of the next	2,500	1 per cent

<i>Chargeable Income</i>	<i>RM</i>	<i>Rate of Income Tax</i>
For every ringgit of the next	5,000	3 per cent
For every ringgit of the next	10,000	5 per cent
For every ringgit of the next	15,000	9 per cent
For every ringgit of the next	15,000	15 per cent
For every ringgit of the next	20,000	20 per cent
For every ringgit of the next	30,000	25 per cent
For every ringgit of the next	50,000	28 per cent
For every ringgit exceeding	150,000	29 per cent”;

and

(ii) in paragraph 1A, by substituting for the words “30 per cent” the words “29 per cent”; and

(b) in Part IV, by substituting for the existing rates the following rates:

<i>Chargeable Income</i>	<i>RM</i>	<i>Rate of Income Tax</i>
For every ringgit of the first	10,000	0 per cent
For every ringgit of the next	10,000	1 per cent
For every ringgit of the next	10,000	4 per cent
For every ringgit of the next	10,000	7 per cent
For every ringgit of the next	10,000	10 per cent

<i>Chargeable Income</i>	<i>RM</i>	<i>Rate of Income Tax</i>
For every ringgit of the next	25,000	13 per cent
For every ringgit of the next	25,000	17 per cent
For every ringgit of the next	50,000	21 per cent
For every ringgit of the next	100,000	24 per cent
For every ringgit of the next	250,000	27 per cent
For every ringgit exceeding	500,000	29 per cent”.

### **Amendment of Schedule 3**

**13.** Schedule 3 to the principal Act is amended—

(a) by inserting after paragraph 16 the following paragraph:

“**16A.** Subject to this Schedule, where a person has incurred qualifying building expenditure on the construction of a building to which paragraph 67B applies and at the end of the basis period for a year of assessment the building was on lease to the Government, there shall be made to him in relation to the income from that lease for that year an allowance equal to three-fiftieths or such other fraction as may be prescribed of that expenditure.”;

(b) in subparagraph 65(3), by substituting for the word “A” the words “Subject to paragraph 67B, a”; and

(c) by inserting after paragraph 67A the following paragraph:

“**67B.** (1) A building constructed by a person pursuant to an agreement entered into between that person and the Government on a build-lease-transfer basis shall, subject to the approval of the Minister, be treated as an industrial building for the purposes of this Schedule.

(2) Where subparagraph (1) applies—

(a) the balance of residual expenditure under paragraph 68 of this Schedule shall be reduced by the amount of any compensation received; and

- (b) the disposal value of the asset shall be taken to be zero when the agreement expires or is terminated.”.

#### **Amendment of Schedule 5**

**14.** Schedule 5 to the principal Act is amended—

(a) in paragraph 42—

- (i) by substituting for the words “to the Supreme Court” the words “to the Court of Appeal and the Federal Court”; and
- (ii) by substituting for the words “and the Supreme Court” the words “, the Court of Appeal and the Federal Court”;

(b) in the part headed “*Supplemental provisions*”, by inserting before paragraph 43 the following paragraph:

“**42A.** 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

(c) in paragraph 45—

- (i) by substituting for the words “or the Supreme Court” the words “, the Court of Appeal or the Federal Court”; and
- (ii) in subparagraph (b), by substituting for the words “or the Supreme Court” the words “, the Court of Appeal or the Federal Court”.

#### **Amendment of Schedule 6**

**15.** Schedule 6 to the principal Act is amended—

(a) in paragraph 32A—

- (i) by inserting after the word “assessment,” the word “derived”; and
- (ii) by deleting the words “any musical composition or in respect of”; and

(b) by inserting after paragraph 32c the following paragraph:

**“32d.** Income of twenty thousand ringgit for the basis year for a year of assessment, derived by an individual resident in Malaysia, being payment in respect of any musical composition:

Provided that the exemption shall not apply where the payment arises to the individual as part of his emoluments in the exercise of his official duties.”.

### CHAPTER III

#### AMENDMENTS TO THE PETROLEUM (INCOME TAX) ACT 1967

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

**16.** (1) Except for paragraphs 18(a), (b), (c) and (d), the amendments in sections 17 and 18 shall have effect for the year of assessment 2000 and subsequent years of assessment.

(2) The amendments in paragraphs 18(a), (b), (c) and (d) shall be deemed to have effect for the year of assessment 1996 and subsequent years of assessment.

#### **Amendment of section 13A**

**17.** The Petroleum (Income Tax) Act 1967, which in this Chapter is referred to as the “principal Act”, is amended in section 13A by inserting after subsection (1) the following subsection:

“(1A) Subsection (1) shall not apply where a chargeable person (in this subsection referred to as the “disposer”) disposes of an asset in relation to which an initial or annual allowance has been made or would have been made, if claimed, to him (in this subsection referred to as the “asset”) and that asset continues to be used for petroleum operations by another chargeable person (in this subsection referred to as the “acquirer”) in another petroleum agreement under which the

acquirer has not incurred qualifying expenditure in respect of that asset and at the time of the disposal—

- (a) the disposer of the asset is a company and the acquirer of the asset is a partnership in which the disposer is also a partner;
- (b) the disposer of the asset and the acquirer of the asset are the same partnership but operating under separate petroleum agreements;
- (c) the disposer of the asset and the acquirer of the asset are partnerships and all the partners in the partnership that is disposing of the asset are also partners in the partnership that is acquiring the asset; or
- (d) the disposer of the asset and the acquirer of the asset are the same company but operating under separate petroleum agreements.”.

#### **Amendment of Second Schedule**

**18.** The Second Schedule to the principal Act is amended—

- (a) in paragraph 8—
  - (i) by substituting for the words “subparagraph 2(c)” the words “subsubparagraph 2(1)(c)”;
  - (ii) in subsubparagraph (a), by inserting after the words “forty per cent” the words “or such other rate as may be prescribed”; and
  - (iii) in subsubparagraph (b), by inserting after the words “twenty per cent” the words “or such other rate as may be prescribed”;
- (b) in paragraph 12—
  - (i) in subparagraph (1)—
    - (A) by substituting for the word “ot” the word “to”;
    - (B) by substituting for the words “subparagraph 2(c)” the words “subsubparagraph 2(1)(c)”;
    - (C) in subsubparagraph (a), by inserting after the words “ten per cent” the words “or such other rate as may be prescribed”; and

- (D) in subparagraph (b), by inserting after the words “eight per cent” the words “or such other rate as may be prescribed”; and
- (ii) in subparagraph (2)—
  - (A) by substituting for the words “subparagraph 2(c)” the words “subsubparagraph 2(1)(c)”; and
  - (B) by inserting after the words “ten per cent” the words “or such other rate as may be prescribed”;
- (c) in paragraph 13, by inserting after the words “two per cent” the words “or such other rate as may be prescribed”;
- (d) in subparagraph 14(1), by inserting after the word “fraction” the words “or such other fraction as may be prescribed”;
- (e) by inserting after paragraph 21 the following paragraph:

“**21A.** Paragraphs 22 and 23A shall apply where a chargeable person (in this paragraph referred to as the “disposer”) disposes of an asset in relation to which an initial or annual allowance has been made or would have been made, if claimed, to him (in this paragraph referred to as the “asset”) and that asset continues to be used for petroleum operations by another chargeable person (in this paragraph referred to as the “acquirer”) in another petroleum agreement under which the acquirer has not incurred qualifying expenditure in respect of that asset and at the time of the disposal—

  - (a) the disposer of the asset is a company and the acquirer of the asset is a partnership in which the disposer is also a partner;
  - (b) the disposer of the asset and the acquirer of the asset are the same partnership but operating under separate petroleum agreements;
  - (c) the disposer of the asset and the acquirer of the asset are partnerships and all the partners in the partnership that is disposing of the asset are also partners in the partnership that is acquiring the asset; or

- (d) the disposer of the asset and the acquirer of the asset are the same company but operating under separate petroleum agreements,
- the disposer of the asset, the asset in question and the acquirer of the asset being in those paragraphs referred to as the disposer, the asset and the acquirer respectively.”;
- (f) in subparagraph 22(1), by inserting after the words “paragraph 23” the words “or 23A”;
- (g) by inserting after paragraph 23 the following paragraph:
- “**23A.** The acquirer shall be deemed to have incurred qualifying expenditure in relation to the asset of an amount equal to the sum ascertained under paragraph 22 and in relation to the asset—
- (a) the date on which the acquirer shall be deemed to have incurred the expenditure;
- (b) the withdrawal of any allowance which would but for paragraph 22 and this paragraph fall to be made to the disposer;
- (c) the amount of any allowance or charge to be made to or on the acquirer; and
- (d) such other matters as may be considered necessary by the Minister,
- shall be determined in such manner as may be prescribed by rules to be made for the purposes of paragraphs 21A and 22 and this paragraph.”; and
- (h) in subsubparagraph 41(b), by inserting before the word “where” the words “subject to subparagraph 22(1),”.

#### CHAPTER IV

#### AMENDMENTS TO THE STAMP ACT 1949

#### **Commencement of amendments to the Stamp Act 1949**

- 19.** (1) The amendment in section 20 shall be deemed to have come into operation on 30 October 1999.



(2) The amendment in section 21 shall have effect upon the coming into operation of this Act.

### **Amendment of First Schedule**

**20.** The Stamp Act 1949, which in this Chapter is referred to as the “principal Act”, is amended in the First Schedule by inserting after item 49 the following item:

Item	Description of Instrument	Proper Stamp Duty
“49A.	LEASE OR AGREEMENT FOR LEASE UNDER THE PRINCIPLES OF <i>AL-IJARAH</i> of the <i>Syariah</i> law for the purpose of financing or securing repayment of money	The same <i>ad valorem</i> duty as upon a charge or mortgage for such total amount.”.

### **Amendment of Second Schedule**

**21.** The Second Schedule to the principal Act is amended by inserting after item 18 the following item:

Nature of Instrument and the Item Number thereto in First Schedule	Person required to cancel the adhesive stamp
“19. SECURITY BOND furnished to the Director General of Immigration in connection with the grant of a Professional Visit Pass for an Artiste, a Social Visit Pass and a Work Permit Pass – No. 25	An immigration officer”.

---

**LAWS OF MALAYSIA**

**Act 600**

**FINANCE ACT 2000**

LIST OF AMENDMENTS

Amending law

Short title

In force from

– NIL –

---

**LAWS OF MALAYSIA****Act 600****FINANCE ACT 2000**

## LIST OF SECTIONS AMENDED

Section	Amending authority	In force from
---------	--------------------	---------------

– NIL –

---

